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Central Eurasia

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Daily Report
Central Eurasia

FBIS-SOV-95-007

CONTENTS

11 January 1995

INTERREGIONAL AFFAIRS

Peacekeepers Leaving Abkhazia May Cause War *[TRUD 10 Jan]* 1
INTERFAX-UKRAINE Report on New Laws *[INTERFAX]* 2
ITAR-TASS Carries Press Review for 11 Jan 14

RUSSIA INTERNATIONAL AFFAIRS

International Reaction to Chechen Developments *[ITAR-TASS]* 16
Kozyrev Supports Plan To Send OSCE Observers to Chechnya *[Budapest Radio]* 16
Observers' Security Cannot Be Guaranteed *[Budapest TV]* 16
UN Envoy Retracts Report of Mission's Arrival in N. Ossetia *[ITAR-TASS]* 17
Kozyrev Postpones Visit to Japan Because of 'Busy' Schedule *[INTERFAX]* 17
Clinton Plan for Cyprus Said 'Not Without Risks' *[KRASNAYA ZVEZDA 11 Jan]* 17
Moscow Plans To Cut Fuel Exports to CIS Bad Debtors *[INTERFAX]* 18
U.S. 'Satisfied' With Results of CBW Site Inspection *[KRASNAYA ZVEZDA 10 Jan]* 18
Russia Allegedly Sold Arms to Iraq in 1993 *[Madrid EL PAIS 9 Jan]* 18
Conventional Armed Forces Treaty Not in Russia's Interest *[ITAR-TASS]* 19
Atomic Minister on Russian-Iranian Nuclear Cooperation *[ITAR-TASS]* 19
Deal Seen Antagonizing U.S. *[KOMMERSANT-DAILY 10 Jan]* 19

RUSSIA NATIONAL AFFAIRS

Political Issues

Yegorov on Chechnya; 'Stand Our Ground' *[Moscow TV]* 20
Lobov on Continuation of 'Disarmament' *[INTERFAX]* 20
Luzkov on Chechnya; 'Bungled,' 'Necessary' *[INTERFAX]* 21
Abdulatipov Refuses To Work on Commission *[Moscow Radio]* 21
General Gromov Cites 'Differences' With Grachev *[KOMSOMOLSKAYA PRAVDA 11 Jan]* 21
Yeltsin, Chernomyrdin Discuss Chechnya *[ITAR-TASS]* 22
Chernomyrdin Offers Settlement Plan *[ITAR-TASS]* 22
Refuses To Discuss Chechnya Politics *[ITAR-TASS]* 22
Chernmoyrdin, Zhirinovskiy Discuss Issues *[Moscow TV]* 23
Moscow Chechens Assess Chernomyrdin Talks *[INTERFAX]* 23
General Lebed's Dismissal Seen Imminent *[BASAPRESS]* 23
Inspector Denies Dismissal Plan *[Moscow TV]* 23
Media Official Yakovlev on Poptsov Dismissal *[INTERFAX]* 24
Further on Dismissal *[Moscow TV]* 24
Journalists Demand End to Mistreatment *[INTERFAX]* 24
Aid Deliveries Continue to Chechnya *[ITAR-TASS]* 25
Kozyrev on Assurance of Human Rights *[Russian TV]* 25
Deputy Accuses Kovalev of 'One-Sidedness' *[ITAR-TASS]* 25
Yabloko Supports Russia's Choice Chechnya Bills *[ITAR-TASS]* 25
Duma Communists Exclude New Justice Minister *[Moscow Radio]* 26
Yakubovskiy's Lawyer Cites Rights Violations *[INTERFAX]* 26

Economic Issues

State Duma Considers 1995 Budget Draft *[INTERFAX]* 26
Devaluation of Ruble Seen 'Inevitable' *[NEZAVISIMAYA GAZETA 10 Jan]* 26
Bank Official on 'Uneasy' Foreign Exchanges *[IZVESTIYA 11 Jan]* 27

Nuclear Issues

Leakage Detected on Waste Container *[ITAR-TASS]* 28

Federal Assembly

Deputies 'Split' During Chechen Debate *[Moscow Radio]* 28
State Duma Adopts Agenda for Chechen Debate *[ITAR-TASS]* 29
Letter Urges Early Elections To Resolve Crisis *[ITAR-TASS]* 29
Deputies Inflict 'Serious Defeat' on Gaydar Faction *[ITAR-TASS]* 29

Regional Affairs

Gaydar Defends Korzhakov's Role in Chechnya *[KOMMERSANT-DAILY 11 Jan]* 29
Dudayev Appears in Public for 'First Time in a Month' *[AFP]* 30
Government Press Service on 'Tense' Situation in Chechnya *[ITAR-TASS]* 30
Official Denies Troops Tried To Kill Rights Commissioner *[Radio Rossii]* 31
Deputy: Official Figures Understate Russian Death Toll *[Radio Rossii]* 31
Volga Regiment's Losses Seen 'Exaggerated' *[KRASNAYA ZVEZDA 11 Jan]* 31
Memorial Society Notes Chechnya Deaths *[Moscow TV]* 32
Grachev Arrives in Mozdok *[Moscow Radio]* 32
Supervision Commission Head on Restoring Order in Chechnya *[Moscow TV]* 32
Operation Results in Release of POWs From Chechen Forces *[INTERFAX]* 32
Local Chamber Calls Sending Troops to Chechnya 'Mistake'
[KALININGRADSKAYA PRAVDA 4 Jan] 32
Army Commander Does Not Confirm Troops Sent to Chechnya
[KALININGRADSKAYA PRAVDA 7 Jan] 32
800 Elite Omon Policemen Stay in Chechnya *[ITAR-TASS]* 33
Chechnya Fighting Seen To Involve 'Petrodollars' *[KRASNAYA ZVEZDA 11 Jan]* 33
Pacific Marines Volunteer for Chechnya *[Radio Rossii]* 34
Federal, Chechen Leaders Meet in Groznyy Palace *[INTERFAX]* 34
Chechen Official Notes Refusal To Disarm *[INTERFAX]* 34
Chechen Militants Undermine Agreement *[ITAR-TASS]* 34
Groznyy Truce Seen Not To Hold *[Moscow Radio]* 35
Grachev Offers 'Proof' of Air Strike Halt *[INTERFAX]* 35
Bombardment of Chechnya Continues *[Moscow Radio]* 35
Chechen Conflict Seen To Expose 'Many Flaws' *[ROSSIYSKIYE VESTI 11 Jan]* 35

UKRAINE

National Affairs

Kuchma Notes 'Satisfaction' With Georgia Trip *[Kiev International]* 39
Shmarov, Perry Talk Via New Satellite Link *[KIYEVSKIYE VEDOMOSTI 6 Jan]* 39
Russians Detain Aid Shipment to Chechnya *[Kiev International]* 39
Government Begins IMF Loan Talks *[INFOBANK]* 39

WESTERN REGION

Belarus

President, Deputies Clash Over Candidate Choice *[BELAPAN]* 41
Prosecutor Investigates Insulting Publication *[Minsk TV]* 41
Deputy Proposes Appeal Over Print Ban *[BELAPAN]* 41
Parties Condemn 'Infringement' of Free Media *[BELAPAN]* 41

CENTRAL ASIA

Kazakhstan

Government Fails To Reach Accord With Miners *[Almaty Radio]* 43

Company Head Discusses State of Gold Industry *[PANORAMA 7 Jan]* 43

Tajikistan

Iran's Help Requested in Staging Tajik Peace Talks *[Tehran Radio]* 44
Government, Russia Strengthen Border Protection *[ITAR-TASS]* 44
People's Party Meeting Adopts Peace Address *[Dushanbe Radio]* 44

Uzbekistan

President Receives CSCE Secretary General *[Tashkent TV]* 44
Karimov Interviewed Before Departure to Poland *[Tashkent Radio]* 45
Moscow Terms Greater Uzbekistan Idea 'Unrealistic' *[INTERFAX]* 45

CAUCASUS

Armenia

Karabakh Rules Out Turkish Presence in Peace Force *[Yerevan International]* 47
Joint MiG Flights Carried Out With Russian Pilots *[INTERFAX]* 47
Self-Determination Demanded for Chechnya *[NOYAN TAPAN]* 47
Acting Head of Security Discusses Various Issues *[NOYAN TAPAN]* 47
Dashnaktsutyun Party Trial To Begin 12 Jan *[SNARK]* 49
ARF Representatives Hold News Conference *[NOYAN TAPAN]* 49
Banned Opposition Group Appeals to Justice Ministry *[INTERFAX]* 49
Reactions to ARF Party Suspension of Activities 50
Deputy Assembly: Decree Against Law *[NOYAN TAPAN]* 50
Rights Group Statement *[SNARK]* 50
Writers Union Supports President *[Yerevan International]* 50

Georgia

Ukranian President's Visit Continues 51
News Conference Held *[Tbilisi Radio]* 51
Trade Relations Agreements Signed *[INTERFAX]* 52
Ukrainian President's Visit Ends *[ITAR-TASS]* 52
Shevardnadze: "Democracy Will Triumph in Chechnya" *[INTERFAX]* 52
Abkhaz Government Warns Illegal Militants To Withdraw *[ITAR-TASS]* 53
Sarishvili-Chanturia: 1994 'Year of Misery' *[KAVKASIONI 30 Dec]* 53

BALTIC STATES

Estonia

International Experts Discuss Paldiski Reactor Dismantling *[BNS]* 56
Finns Start Purifying Radioactive Water *[BNS]* 56
Foreign Ministry Statement on Chechnya *[Tallinn Radio]* 56
Report on Former Ministers' Approval of Illegal Arms Deal *[Tallinn Radio]* 56

Latvia

OSCE Urged To Assess Chechen Violations *[Riga Radio]* 57
UN Official Visits Detained Refugees in Riga *[BNS]* 57
Russia Reacts Positively to Law on Status of Noncitizens *[Riga Radio]* 57

Lithuania

Brazauskas' Attitude Toward Chechnya 'Reserved' *[Vilnius Radio]* 58
Aid Train for Chechnya Held Up in Rostov *[Vilnius Radio]* 58
Environmental Protection Agreement Prepared With Belarus *[Vilnius Radio]* 58
Lower Crime Rate, More Grave Offenses Reported *[BNS]* 58

Peacekeepers Leaving Abkhazia May Cause War

MM1001151595 Moscow TRUD in Russian 10 Jan 95 p 2

[Article by Igor Chernov: "The Caucasus Could Explode If the Hostilities in Chechnya Are Compounded by War in Abkhazia"]

[FBIS Translated Excerpt] Sochi—The new year Abkhaz-style means red wine, grits, cheese, and mandarins. Together with feelings of anxiety and grim thoughts. There are many indications that the imminent resumption of the war is a real prospect. Now Radio Liberty, through its Tbilisi correspondent, is warning the Abkhaz: Don't kid yourselves—"it's now a matter of hours."

Although some politicians say that there will be no continuation of the war between the Georgians and the Abkhaz. They arrive at this conclusion on the basis of an analysis of other facts, which (like those pointing to a war) also appear convincing. That is, Abkhazia is again hovering between peace and war, and people who through no fault of their own have become inhabitants of the military conflict zone are still anxiously wondering: Will it happen or can it be avoided?

Those who claim that there will be war base their forecasts on the futility of the current process of a political settlement of Georgian-Abkhaz confrontation. Everyone knows that the opponents are not yet ready for mutual concessions. The Abkhaz side, by ostentatiously adopting a new Constitution and proclaiming the sovereign Republic of Abkhazia, presumably was declaring once and for all that independent Abkhazia intends to build bridges with Georgia as a neighboring country and the unification of the two states is possible only in the form of a confederation.

But Georgia continues to regard Abkhazia as an integral part of it. It will never accept the idea of a reduction of territory, of the loss of the best lands, particularly as Abkhaz separatism is condemned in Russian government circles and by the world community. But how is the integrity of the Republic of Georgia to be preserved? It has not been achieved at the negotiating table and, according to the Tbilisi press, the Georgian official authorities, not to mention the opposition, are pondering more and more the need for a second attempt at pacifying the Abkhaz by fire and sword. Indeed Georgia, like Russia in the Chechnya situation, is more afraid than anything of creating a precedent: South Ossetia, Mingrelia, and Ajaria could follow Abkhazia and break away from Mother Sakartvelo [vernacular name for Georgia]. Of course, Tbilisi would do anything to prevent a breakup.

Does that mean war?

I fear it would already have begun had Russian peacemaking forces not come between the Georgians and the Abkhaz. It was the peacemakers, taking up positions along the Inguri River, who guaranteed and supported peace in the conflict zone. Let me stress once again: No "to be or not to be" questions about war would have arisen if there had been firm guarantees that the peacemakers would not leave Abkhazia. There are no such guarantees at the moment.

I would remind you that the question of granting Russian Federation forces a mandate to conduct a peacemaking operation in Abkhazia was voted on twice last summer in the upper chamber of the Russian parliament. In the first vote the decree fell one vote short of approval. In the second, on 21 June, the Federation Council voted "for" and granted the "blue helmets" a six-month mandate. It ran out on 31 December...

The Russian military today has no legal grounds for continuing a peacekeeping operation on the territory of another state and, in principle, Major General V. Yakushev, commander of the peacemaking forces in Abkhazia, could order his subordinates to quit their positions. If he received the appropriate directive from the Russian Federation Defense Ministry, of course. Obviously, that order will not come before 17 January. A Federation Council session with the question of extending the peacemakers' mandate on its agenda is set for that day.

Not very long ago no one doubted that Russia's peacemaking mission in Abkhazia would be extended automatically. Doubts arose following the Russian Federation Government's negative reaction to the Abkhaz proclamation of sovereignty and were reinforced on 21 December, when V. Shumeyko, speaker of the upper chamber of parliament, sent the Russian president a letter suggesting that the mandate should not be extended and that the peacemakers should be withdrawn from the Georgian-Abkhaz conflict zone. Some observers immediately concluded that the Federation Council, prompted by Shumeyko, would vote against extending the mandate. There would be war... [passage omitted]

Suppose events start to follow the worst-case scenario. The peacemakers' mandate is not extended and they leave the Inguri River. Georgia makes a second attempt to invade Abkhazia—if only on the pretext of the need to create conditions for the return of refugees and ensure the normal functioning of the Transcaucasus Railroad, on which the lives of the Armenian as well as Georgian population depend. Obviously, a republic weakened by war and economic crisis would be unable to cope with separatists, so if the invasion were nonetheless to occur it would mean only one thing—the Georgians were being helped by Russia. Theoretically that is possible, because Russia has an interest in establishing order in the south.

But such actions would indicate a conspicuous absence of common sense. It is on this that optimistically minded politicians base their forecasts when they claim that there will be no war in Abkhazia. According to K. Zatulin, chairman of the Duma committee for CIS affairs and links with compatriots, who visited Sukhumi recently, the Federation Council will vote to extend the

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peacemaking forces' mandate. Otherwise, K. Zatulin believes, the peoples of the North Caucasus will see Russia's behavior as a case of **aiding and abetting one of the sides** and, on top of the conflict with Chechnya, Russia would get confrontation with the Adygea group which populates Abkhazia, Adygea, Kabarda, and Cherkessia. That is, the resumption of the war in Abkhazia will certainly stir up the whole of the Caucasus, and then a second Caucasus war will probably be a reality. It is difficult not to agree. Here is just one example. When the Russian forces entered Chechnya, there was a three-hour protest rally in Maykop, but when the war began in Abkhazia people stood for several days in the city's central square...

Unfortunately, the course of events in Chechnya gives rise to doubts about the common sense element in the federal authorities' actions. Therefore, I repeat, there are no guarantees now that a second fuse attached to the bomb planted in the Caucasus will not be lit in Abkhazia. One can only wait and believe in the common sense of those we elected.

INTERFAX-UKRAINE Report on New Laws

LD1001183395 Moscow INTERFAX in English 1436 GMT 10 Jan 95

[INTERFAX-UKRAINE news item]

[FBIS Transcribed Text]

NEWS OF THE WEEK

KAZAKHSTAN

* Investment Activity

Alma-Ata, December 29. AFI—On December 27, 1994, the Parliament of Kazakhstan adopted a new Law of Kazakhstan "On Foreign Investments". The document amended the 1991 law formerly in effect.

The law regulates the procedure for the carrying on of investment activity with foreign capital in the republic, and establishes a national investment regime for foreign investors, including capital investment in strategic sectors.

According to the document, foreign investors are given the right to make investments not only in "hard" currency, but also in the national currency—the tenge—at the current exchange rate, as well as in property. The law formerly in effect required that foreign investors deposit charter capital in hard currency.

Moreover, restrictions on the export of capital have been totally removed. A foreign investor who receives a profit as a result of his activity in Kazakhstan can use it as his discretion: to reinvest in more production, or export it abroad.

The law also provides that capital investment of foreign investor will not be subject to customs duties.

For the first time in Kazakhstan the practice of preserving guarantees and the legal regime of foreign investors presently active is introduced, in the event recent legislation worsens the state of investments (so-called grandfather's clause). The period for preserving the guarantees and legal regime is set at 10 years. (In Russia, the analogous period is three years).

In the event disputes arise between Kazakhstan parties and foreigners, they can be decided in a court in Kazakhstan or by international commercial arbitration, as the investor chooses.

* * *

UKRAINE

* Tax Rates on Profits

According to the law, tax rates on profits included in the regional and local budgets of the region, are set at the following:

—For enterprises and organizations - 17.5%;

—For banks and insurance organizations - 25.5%.

It is worth noting that the majority of subjects of the Russian Federation instituted maximum tax rates on profits levied in their budget, both for enterprises (25%) and for banks (30%). Therefore, the rates set by the Perm Region could be considered rather favorable. Allowing for the profits tax paid to the federal budget, the total tax rate for enterprises registered in the Perm Region are: for banks and insurance organizations—38.5%, and for remaining enterprises—30.5%.

* * *

LITHUANIA

* Banking activity

Vilnius, December 28. INTERFAX—A new Law of the Lithuanian Republic "On the Bank of Lithuania", which regulates the activity of the state bank of the Lithuanian Republic, went into effect on December 23, 1994. The document amends the analogous 1991 law formerly in effect.

The new Law was prepared upon the recommendation and with the cooperation of specialists of the IMF and other international financial-hard currency organizations, and according to their estimations, fully corresponds to European standards.

On December 28, the Sejm of Lithuania passed a new Law of the Lithuanian Republic "On Commercial Banks of the Lithuanian Republic". According to Lithuanian legislation, a law must be signed by the President of Lithuania before it goes into effect.

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ARMENIA

* Financial law

Yerevan. December 28. AFI— By its resolution, the Government of Armenia approved the Temporary Provision on Auditor Activity in the Republic of Armenia. According to the resolution, for the purposes of managing and coordinating auditor activity and the attestation of auditors, the Commission on Auditor Activity is created under the Ministry of Finance of the Republic.

According to the Temporary Provision, individual (incl. family) enterprises, commercial companies, private entrepreneurs, as well as specialized state enterprises can engage in auditor activity. Specialized state auditor enterprises can be founded only by the Ministry of Finance of the Republic.

The object of auditor activity is the financial-economic activity of all enterprises operating in Armenia.

The document establishes that, in order to engage in auditor activity, it is necessary to obtain a licence from the Ministry of Finance and register with the Commission on Auditor Activity. A licence expires if an audit is not conducted within one year.

An auditor deprived of the right to engage in auditor activity may, after two years following deprivation of the license, reapply on the same terms as other applicants.

According to the Provision, an auditor is liable if, as a result of his incorrect conclusion as to the financial-economic condition of an enterprise, the enterprise or a third party contracting with the enterprises incurs losses, as well as in the event of a violation of commercial secrets of an enterprise.

* * *

GEORGIA

* Taxation

Tbilisi, January 4. INTERFAX. The head of Georgia, Eduard Shevardnadze, issued a decree on the introduction of a firm tax on trade enterprises. According to the document, all enterprises and organizations in the republic, regardless of their organizational- legal form, will pay a fixed firm tax according to the total area occupied by them, instead of paying tax based on profit.

For trade companies of a total area up to 10 sq. meters, the tax is set at the equivalent of $25.00 per month, in the national currency. For enterprises occupying 10-20 sq. meters, for each additional sq. meter, the equivalent of $2.00 is added, and from 20-50 sq. meters, the equivalent of $1.00 is added.

Firm tax rates in Tbilisi are increased by 40 percent, and in other cities in the republic—by 20 percent, compared to the general rate. Trade enterprises and organizations which occupy more than 50 sq. meters will pay tax on profits according to tax legislation presently in effect in the republic.

The decree went into effect January 1, 1995.

* * *

LATVIA

* Payment & Credit

Riga, December 27. INTERFAX. The governing Bank of Latvia (BL) adopted a resolution according to which, beginning December 23, 1994, the refinance rate is reduced to 25 percent annually.

Earlier on October 31, the rate was reduced to 26 percent.

* * *

TAJIKISTAN

* Foreign economic relations

Dushanbe, December 27. INTERFAX. On December 21, 1994, the President of the Republic of Tajikistan, Emomali Rakhmanov, issued a decree "On the Regulation of the Sale of Aluminium". According to the document, beginning January 1, 1995, the Tajik aluminium plant located in the republic is a monopoly with the right to sell aluminium to consumers in the republic as well as abroad. The plant is given the right to independently conclude contracts for delivery of aluminium.

According to the decree, the Tajik aluminium plant is exempted from paying customs duties and excise taxes as well as value-added tax on the sale of aluminium used for the needs of the republic, if the proceeds from such sales are deposited into the republic hard currency fund. Hard currency proceeds from the sale of aluminium abroad, except for the volume of the metal isolated by the government for the needs of the plant, are totally allocated to that fund. The Government of Tajikistan is authorized to give the plant a general license for the export of aluminium produced without exacting a fee for the license.

* * *

Dushanbe, December 27. INTERFAX. On December 22, 1994, the President of the Republic of Tajikistan, Emomali Rakhmanov, issued a decree "On Measures for Regulation Sales of Products of the Cotton Industry". According to the decree, the Main Department of the Cotton Industry, under the Government of Tajikistan, is the sole state agency having the right to purchase and process raw cotton and sell cotton products on the domestic and foreign markets. Cotton fiber in amounts of 10 percent of that produced at the expense of the state, and all cotton fiber produced in excess of that, which formerly remained at the disposal of the farm, goes to enterprises of the Main Department of the Cotton

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Industry, with payment in hard currency or rubles of the Russian Federation according to world market prices.

Hard currency earnings from the sale of cotton products is entered into the hard currency fund of the republic. The Main Department of the Cotton Industry gives a general license to export cotton products according to approved quotas.

The decree prohibits interference by commercial and other structures in the work of cotton unions, plants and stocks in the cotton products market. The document went into effect January 1, 1995.

* * *

ESTONIA

* Foreign economic relations

Tallinn, January 5. INTERFAX. On December 28, 1994, the Government of Estonia passed a resolution amending the procedure for importing vodka products. According to the document, beginning January 15, 1995, the validity of some licenses for the import and wholesale sale of vodka will be temporarily suspended, and beginning March 31, 1995, wholesale and retail sale of all kinds of vodka, except those listed in an attachment to the government resolution, will be prohibited.

The attachment to the resolution lists 17 brands of vodka, produced mainly in Great Britain, Denmark, Finland and France. According to the resolution, the Ministry of the Economy of Estonia is commissioned to create a data bank of vodka products which will contain all the kinds of vodka permitted to be imported and sold in Estonia. According to information available to "Interfax", there is no proposal to similarly limit the import of other kinds of alcoholic beverages in the near future.

* * *

UKRAINE

* Taxation

Kiev, December 26. 1994, the Verkhovna Rada of Ukraine passed on the first reading a new law "On Value-Added Tax".

According to the document, value-added tax (VAT) is an indirect tax included in the price of goods, including imported goods, and in the value of work performed and services rendered, and is paid into the state budget at every stage of production.

According to the bill, the following are exempt from VAT: sales by the National Bank of Ukraine of state treasury precious metals and stones, as well as other valuables; insurance operations; and hard currency exchanges in Ukraine, except those used for numismatic purposes.

Furthermore, property of privatized enterprises and services of city passenger transport (except taxis), medicines and chemical- pharmaceutical products are also exempt from payment of VAT.

Also, property which is brought through Ukrainian customs and is payment of a foreign investor, is exempt from VAT, as well as imported material valuables which come in free as irretrievable aid.

According to the bill, VAT is included in the price (tariff) of goods (labor, services), including imports, at a rate of 20 percent of the taxable turnover, which does not include VAT. Calculation of the VAT payment is at the rate of 16.667 percent of the taxable turnover which includes VAT, and for imported goods—20 percent of the taxable turnover.

Presently, the VAT rate in Ukraine is 28 percent.

* * *

Kiev, December 29. INTERFAX-UKRAINE—On December 28, 1994, the Verkhovna Rada of Ukraine adopted the new Law of Ukraine "On Taxation of Enterprise Profits".

The Law amended the the Ukrainian Law of February 21, 1992 "On Taxation of Income of Enterprises and Organizations" law formerly in effect.

According to the new Law, the balance of profit of an enterprise will be subject to taxation, including the total sum of profit from all types of activity in Ukraine and abroad.

The Law provides for a base tax rate on profits of 30 percent. Profits from intermediary operations, lottery operations, auctions of material valuables are taxed at 45 percent. Profits from casinos, other gambling houses, gambling machines with money winnings, and other gambling business are taxed at 60 percent. (Formerly the average tax rate on income in Ukraine was 18 percent. For banks and insurance organizations the tax rate was set at 35 percent, and for income from intermediary activity—75 percent).

The Law took effect on January 1, 1995.

* * *

REGIONAL LEGISLATION

LAW OF THE PERM REGION OF NOVEMBER 25, 1994 "ON TAX RATES FOR PROFITS AND PROPERTY"

On November 25, 1994, the Legislative Assembly of the Perm Region (region of the Russian Federation in the Western Urals) adopted a Law of the Perm Region "On Tax Rates for Profits and Property". The document went into effect January 1, 1995 and is effective until December 31, 1996.

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LAW PROVIDES FOR TAX PRIVILEGES

Privileges on profits taxes are granted in accordance with the Law of the Perm Region, "On Conditions for Granting Privileges on Profits Taxes". Besides, it is provided by the resolution on the putting into effect of the Law "On Tax Rates for Profits and Property", that the Legislative Assembly and the administration of the Perm Region must prepare a system of privileges on property tax.

TAX RATE ON PROPERTY

The tax rate on property for enterprises and organizations which are taxpayers in the Perm Region, is set by the law at 2 percent. In accordance with Russian legislation, this is the maximum possible tax rate on the property of a legal person.

* * *

LEGISLATION

CIVIL CODE OF THE RUSSIAN FEDERATION, 1994

Chapter 4. Legal persons

(Conclusion)

#2. COMMERCIAL PARTNERSHIPS AND COMPANIES 4. Company with limited liability

Article 87. Basic provisions for a company with limited liability.

1. A company with limited liability is a company established by one or more persons, the charter capital of which is divided into shares of particular amounts, as determined by the founding documents; participants in a company with limited liability are not responsible for its obligations and bear the risk of loss in connection with the company's activity, up to the value of their capital contributions.

Participants in a company who have not fully contributed their share of capital bear joint liability for its obligations up to the value of capital not contributed by each participant.

2. The firm name of a company with limited liability must contain the name of the firm and the words "with limited liability".

3. The legal status of a company with limited liability and the rights and obligations of its participants are determined by this Code and by the law on companies with limited liability.

Article 88. Participants in a company with limited liability.

1. The number of participants in a company with limited liability shall not exceed the limit established by the law on companies with limited liability. Otherwise, it will be subject to conversion into a joint stock company in the course of a year, and upon the expiration of this period—liquidated according to court procedure, if the number of participants is not reduced to the limit set by law.

2. A company with limited liability cannot have as one participant another commercial company consisting of one person.

Article 89. Founding documents of a company with limited liability.

1. The founding documents of a company with limited liability are the founding agreement, signed by its founders,and a charter approved by them. If the company is established by one person, its founding documents consist of its charter.

2. The founding documents of a company with limited liability must contain the information indicated in point 2, Article 52 of this Code, terms on the amount of charter capital of the company; on the size of each participant's share; on the size, composition, period and procedure for their contributions of capital; on the liability of the participants for violation of obligations to contribute capital; on the composition and authority of organs of management of the company and the procedure for the adopting of decisions by them, including the question of what decisions are adopted unanimously or by a qualified majority, as well as other information provided for by the law on companies with limited liability.

Article 90. Charter capital of a company with limited liability

1. The charter capital of a company with limited liability consists of the value of the contributions of the participants.

The charter capital defines the minimal amount of property which guarantees the interests of the company's creditors. The amount of charter capital of the company shall not be less than that defined by the law on companies with limited liability.

2. Exempting a participant in a company with limited liability from the obligation to contribute to the charter capital of the company is not permitted, including by means of offset of obligations to the company.

3. At least one-half of the charter capital of a company with limited liability must be paid by its participants by the time it is registered.

Portions of charter capital remaining unpaid are subject to being paid by the other participants within the first year of the company's activity. If this obligation is violated, the company must either make a declaration as to the reduction of its charter capital and register that reduction according to the procedure established, or cease its activity through liquidation.

4. If, at the end of the second or each successive fiscal year, the value of the clear assets of a company with limited liability is less than the charter capital, the

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company must make a declaration as to the reduction of its charter capital and register the reduction according to the established procedure. If the value of the stated assets of the company become less than the minimal amount defined by law, the company is subject to liquidation.

5. Reduction in the charter capital of a company with limited liability is allowed after informing all its creditors. In such a case, the creditors have the right to demand early cessation or fulfillment of the corresponding obligations of the company, and compensation for losses they have incurred.

6. Increase in the charter capital of a company is allowed after full contribution by all its participants.

Article 91. Management of a company with limited liability.

1. The highest organ in a company with limited liability is a general meeting of its participants. In a company with limited liability an executive organ is created (of one or more persons) which carries out the routine management of its activities, and is subordinate to the general meeting of the participants. Where the executive organ of the company consists of only one person, that person can also be selected from outside the company.

2. The authority of the executive organ of the company, as well as the procedure by which it can adopt resolutions and act in the company's name is determined in accordance with this Code, the Law on Companies with Limited Liability, and the company charter.

3. In a company with limited liability, sole authority for the following rests in the general meeting of participants:

1) Amendment of the company charter, change in the amount of its charter capital;

2) Formation of executive organs of the company and early cessation of their authority;

3) Approval of annual accounts and accounts balances of the company, and distribution of its profits and losses;

4) Decision on the reorganization or liquidation of the company;

5) Selection of an audit commission (auditor) of the company.

The Law on Companies with Limited Liability may also give the general meeting of the participants sole authority to decide other issues.

Issues which can be decided solely by the general meeting of the participants cannot be delegated by it to the executive organ of the company.

4. For verification and confirmation of the accuracy of the annual financial accounts of a company with limited liability, it has the right to annually hire a professional auditor who has no connection with the property interests of the company or of the participants (external audit). Verification by an auditor of the annual financial accounts of the company may also be carried out upon the demand of any of its participants.

The procedure for conducting an auditor's verification of the activity of a company is determined by law and by the company's charter.

5. Publication by the company of the results of its activity (public accounts) is not required, except in instances provided for by the Law on Companies with Limited Liability.

Article 92. Reorganization and liquidation of a company with limited liability.

1. A company with limited liability may be reorganized or liquidated voluntarily upon unanimous vote of its participants.

Any other basis for the reorganization or liquidation of the company, as well as the procedure for its reorganization and liquidation, is determined by this Code and other laws.

2. A company with limited liability has the right to reform into a joint stock company or an industrial cooperative.

Article 93. Conveyance of portions of the charter capital of a company with limited liability to another person.

1. A participant in a company with limited liability has the right to sell or otherwise give up his share of the charter capital of the company, or a part of the share, to one or more other participants of the company.

2. Alienation by a participant in a company of his share (or part of it) to a third party is permitted, if not otherwise provided for by the company charter.

Participants in the company have priority rights to purchase the share (or part of it) of a participant in proportion to the size of their shares if the company charter or an agreement among the participants do not provide for different procedure for the carrying out of this right. In the event participants in the company do not exercise their priority right within one month from the day of the notification, or in another period provided for by the company charter or an agreement among the participants, the share of the participant may be conveyed to a third party.

3. If, in accordance with the charter of a company with limited liability conveyance of the share (or part of it) of a participant to a third party is not possible, and the other participants in the company refuse to purchase it, the company must pay the participant the actual value of the share, or give him property in kind, according to its value.

4. The share of a participant in a company with limited liability may be conveyed prior to its full payment by him only up to the amount which he has paid.

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5. In the event of the acquisition of a participant's share (or part of it) by the company with limited liability itself, it must sell the share to the other participants or to a third party within the period and according to the procedure provided by the Law on Companies with Limited Liability and the founding documents of the company, or reduce its charter capital in accordance with points 4 and 5 of Article 90 of this Code.

6. Shares of charter capital of a company with limited liability pass to heirs of citizens and to legal successors of legal persons which are participants in the company, if the founding documents of the company do not provide that such a passing can occur only with the consent of the remaining participants of the company. A refusal to agree to the passing of the share obligates the company to pay the heirs (legal successors) of the participant the actual value or the value in kind according to the procedure and on the terms provided for by the Law on Companies with Limited Liability and the founding documents of the company.

Article 94. Departure of a participant from a company with limited liability.

A participant in a company with limited liability has the right to leave the company at any time independent of the consent of the other participants. He must be repaid the value of his share of the property, according to his share of charter capital of the company, and according to the procedure, manner and period provided for by the Law on Companies with Limited Liability and the founding documents of the company. 5. Company with supplemental liability

Article 95. Basic provisions for companies with supplemental liability.

1. A company with supplemental liability is a company established by one or more persons, the charter capital of which is allocated in shares according to the founding documents; the participants of such a company jointly bear subsidiary responsibility for its obligations with their property in evenly divided portions, up to the value of their capital contributions, as defined by the founding documents of the company. Upon the bankruptcy of one of the participants, his liability for the obligations of the company is distributed to the remaining participants in proportion to their shares, unless another procedure for the distribution of liability is provided for in the founding documents of the company.

2. The firm name of a company with supplemental liability must contain the name of the firm and the words "with supplemental liability".

3. The rules of this Code regarding a company with limited liability apply to a company with supplemental liability to the extent this Article does not provide otherwise. 6. Joint stock company

Article 96. Basic provisions for a joint stock company.

1. A joint stock company is a company the charter capital of which is divided into a certain number of shares; participants in a joint stock company (shareholders) are not responsible for its obligations and their risk of losses in connection with the activity of the company is limited to the value of the shares they own.

Shareholders who have not fully paid for their shares bear joint liability for the obligations of the joint stock company up to the unpaid amount of their shares.

2. The firm name of a joint stock company must contain the name of the firm and indicate that it is a joint stock company.

3. The legal status of a joint stock company and the rights and liabilities of shareholders are determined in accordance with this Code and the Law on Joint Stock Companies.

Peculiarities in the legal status of joint stock companies created by privatization of state and municipal enterprises are determined by laws and other legal acts regarding the privatization of such enterprises.

Article 97. Open and closed joint stock companies.

1. An open joint stock company is a joint stock company in which participants can convey their shares without the consent of other shareholders. Such a joint stock company has the right to conduct open subscriptions to issued shares and to freely sell them on the terms established by the law and other legal acts.

An open joint stock company must annually publish for general information the annual accounts, account balance, and an account of profits and losses.

2. A closed joint stock company is a joint stock company in which the shares may be distributed only among its founders or only within some other predetermined group of persons. Such a company does not have the right to conduct open subscriptions to issued shares, or in any other way offer them for acquisition by persons outside the limited group.

Shareholders of a closed joint stock company have priority rights to the acquisition of shares being sold by other shareholders of the company.

The number of participants in a closed joint stock company cannot exceed the number for joint stock company in the course of a year, at the expiration of which the company will be liquidated in a court proceeding if the number is not reduced to the limit established by law.

In instances provided for by the Law on Joint Stock Companies, a closed joint stock company must publish for general information the documents indicated in point 1 of this Article.

Article 98. Formation of a joint stock company.

1. Founders of a joint stock company conclude among themselves an agreement defining the procedure by which they will carry out joint activity in the creation of

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the company, the amount of the charter capital of the company, the categories of shares to be issued, and the procedure for their distribution, as well as other conditions provided for by the Law on Joint Stock Companies.

The agreement concluded on the creation of a joint stock company shall be in writing.

2. Founders of a joint stock company bear joint liability for obligations arising prior to registration of the company.

The company bears liability for obligations of the founders, in connection with its creation, only in the event of subsequent approval of their actions by a general meeting of shareholders.

3. The founding documents of a joint stock company are its charter approved by the founders.

The charter of a joint stock company must contain information indicated in point 2, Article 52 of this Code, and must contain the terms of the categories of shares issued by the company; their nominal value and amounts; the amount of the charter capital of the company; the rights of shareholders; the composition and authority of company management and the procedure by which it will adopt decisions, and issues the resolution of which require unanimous vote or a vote of a qualified majority. The charter of a joint stock company must also contain other information provided for by the Law on Joint Stock Companies.

4. The procedure for the carrying out of other actions in the creation of a joint stock company, including the authority of the founding assembly, is determined by the Law on Joint Stock Companies.

5. Peculiarities in the creation of joint stock companies from privatized state and municipal enterprises are determined by the laws and other legal acts on the privatization of such enterprises.

Article 99. Charter capital of a joint stock company.

1. The charter capital of a joint stock company consists of the nominal value of the stock of the company which has been acquired by the shareholders.

The charter capital of the company determines the minimum amount of property of the company guaranteeing the interests of creditors. It shall not be less than that provided for by the Law on Joint Stock Companies.

2. It is not allowed to release shareholders from the obligation to pay for shares of the company, including the freeing from this obligation by means of demand account to the company.

3. An open subscription for shares of a joint stock company is not permitted until full payment of the charter capital. Upon the founding of a joint stock company, all its shares must be distributed to its founders.

4. If, at the end of the second and each subsequent fiscal year the value of clear assets of the company is less than the charter capital, the company must give notice of this and register the reduction of its charter capital according to established procedure. If the value of such assets of the company become less than the minimum amount of charter capital required by law (point 1 of this Article), the company is subject to liquidation.

5. The nominal value of shares or the maximum number of votes belonging to one shareholder may be limited by law or by the charter of the company.

Article 100. Increase in the charter capital of a joint stock company.

1. By decision of a general meeting of shareholders, a joint stock company has the right to increase its charter capital by increasing the nominal value of shares or by issuing additional shares.

2. Increase in the capital of a joint stock company is permitted after it has been fully paid. Increase in the charter capital of a company is not permitted to cover losses incurred.

3. In situations provided for by the Law on Joint Stock Companies or the charter of the company, there may be established a property right of shareholders holding simple (ordinary) or other voting shares to purchase additional stock issued by the company.

Article 101. Reduction in the charter capital of a joint stock company.

1. By decision of a general meeting of shareholders, a joint stock company has the right to reduce the charter capital by reducing the nominal value of shares or by purchasing part of the shares for the purpose of reducing their total number.

Reduction in the charter capital of a company is permitted after informing all creditors according to the procedure established by the Law on Joint Stock Companies. In such an event, creditors have the right to demand premature cessation or fulfillment of the corresponding obligations of the company and compensation for losses.

2. Reduction in charter capital of a joint stock company by means of purchase and cancellation of part of the shares is permitted if such a possibility is provided for in the charter of the company.

Article 102. Limiting issuance of securities and payment of dividends of a joint stock company.

1. Priviliged shares shall not make up more than 25 percent of the total volume of charter capital of a joint stock company.

2. A joint stock company has the right to issue obligations for a sum not greater than the size of the charter capital or an increase guaranteed by third parties as

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provided for by the company for such purposes, after full payment of the charter capital. In the absence of a guarantee, issuance of obligations is not allowed prior to the third year of the existence of the joint stock company and on the condition of confirmation of appropriate annual balances of the company for two years.

3. A joint stock company has the right to announce and pay out dividends:

prior to full payment of its charter capital;

if the value of its clear assets is less than its charter capital and reserve fund or will become less as a result of the payment of dividends.

Article 103. Management of a joint stock company.

1. The highest organ of management of a joint stock company is the general meeting of its shareholders.

The general meeting of shareholders has the sole authority to:

1) Amend the charter of the company, including changing the amount of its charter capital;

2) Elect members of the board of directors (supervisory board) and audit commission (auditor) of the company, and to terminate their authority early;

3) Form executive organs of the company and to terminate their authority early, if the charter of the company does not give the board of directors (supervisory board) the authority to decide these issues;

4) approve the annual budget, accounts balances, and account of profits and losses of the company, and distribution of its profits and losses;

5) decide on the reorganization or liquidation of the company.

The sole authority to decide other issues may also be given to the general meeting of shareholders by the Law on Joint Stock Companies.

Issues which the general meeting of shareholders has the sole authority to decide according to law, cannot be delegated by it to the executive organs of the company.

2. A company having more than 50 shareholders must create a board of directors (supervisory board).

In the event of the creation of a board of directors (supervisory board) by the charter of the company, in accordance with the Law on Joint Stock Companies, its sole authority must be defined. Issues for which the board of directors (supervisory board) has the sole authority to decide according to the charter, cannot be delegated by it to the executive organs of the company.

3. The executive organ of the company can be collegial (administration, management) and/or it can consist of one person (director, general director). It carries out the day to day management of the activity of the company and is subordinate to the board of directors (supervisory board) and to the general meeting of the shareholders.

The executive organ of the company has the authority to resolve decide any issues which are not within the exclusive authority of other organs of management of the company, as prescribed by law and by the charter. Upon decision of the general meeting of shareholders, the authority of the executive organ of the company can be delegated by agreement to other commercial organizations or to an individual enterprise (manager).

4. The authority of organs of management of a joint stock company, as well as the procedure by which they can make decisions and act in the name of the company, are determined in accordance with this Code, the Law on Joint Stock Companies and the charter of the company.

5. A joint stock company, required in accordance with this Code or the Law on Joint Stock Companies to publish for general information the documents indicated in point 1 of Article 97 of this Code, must hire a professional auditor with no connection to the property interests of the company or its participants, to verify and confirm the accuracy of the annual financial account.

The auditor's report of the company's activity, including documents not required to be published for general information, must be produced at any time upon the demand of shareholders whose combined shares consist of 10 percent or more of the company's charter capital.

The procedure for the production of the auditor's report of the activity of the joint stock company shall be determined by law and by the company's charter.

Article 104. Reorganization and liquidation of a joint stock company.

1. A joint stock company can be reorganized or liquidated voluntarily upon the decision of the general meeting of shareholders.

Other bases and the procedure for reorganization and liquidation of a joint stock company are determined by this Code and other laws.

2. A joint stock company has the right to be reformed into a company with limited liability or into an industrial cooperative. 7. Subsidiary and dependent companies

Article 105. Subsidiary commercial company

1. A commercial company is subsidiary if another (parent) commercial company or partnership has predominant power over its charter capital, either in accordance with an agreement concluded between them, or if the parent company or partnership by some other means has the power to determine what decisions the subsidiary will make.

2. A subsidiary company is not responsible for the debts of the parent company (partnership).

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The parent company (partnership) which has the right, including by agreement with the subsidiary, to give it mandatory orders, is jointly liable with the subsidiary for deals concluded pursuant to the carrying out of such orders.

In the event of the insolvency (bankruptcy) of the subsidiary company due to the fault of the parent company (partnership), the latter bears subsidiary liability for its debts.

3. The participants (shareholders) of a subsidiary company have the right to demand compensation from the parent company (partnership) for losses incurred by the subsidiary as result of the fault of the parent, if not otherwise provided for by laws on commercial companies.

Article 106. Dependent commercial company.

1. A commercial company is dependent if another (controlling, participating) company has more than 20% of the voting shares in the joint stock company or 20% of the charter capital of a company with limited liability.

2. A commercial company which has acquired more than 20% of the voting shares in a joint stock company or 20% of the charter capital of a company with limited liability must immediately publish this information according to the procedure provided for by the laws on commercial companies.

3. The limits on mutual participation of commercial companies in the charter capital of each other and the number of votes which one can use in a general meeting of participants or shareholders of another company is determined by law.

#3. INDUSTRIAL COOPERATIVES

Article 107. The concept of an industrial cooperative.

1. An industrial cooperative is a voluntary union of citizens based on membership for joint manufacturing or other commercial activity (production, processing, sale of industrial, agricultural, or other products, providing labor, trade, domestic service, rendering of other services), on the basis of their personal labor and other participation and service by its members. An industrial cooperative can provide for participation in it by legal persons.

2. The members of an industrial cooperative bear subsidiary liability for the obligations of the cooperative in the amount and according to the procedure established by the Law on Industrial Cooperatives and by the charter of he cooperative.

3. The firm name of the cooperative must contain its name and the words "industrial cooperative" or "artel".

4. The legal status of industrial cooperatives and the rights and liabilities of its members are determined in accordance with this Code and laws on industrial cooperatives.

Article 108. Formation of industrial cooperatives.

1. The founding documents of an industrial cooperative are its charter approved by a general meeting of its members.

2. The charter of the cooperative must contain the information indicated in point 2, Article 52 of this Code and terms of the size of dues of the members and their responsibility for violation of the obligation to pay dues; the character and procedure of labor participation of its members in the activity of the cooperative and their responsibility for violation of the obligation for personal labor participation; the procedure for distribution of profits and losses of he cooperative; the size and terms of subsidiary liability of its members for the debts of the cooperative; the composition and authority of organs of management of the cooperative and the procedure by which they will make decisions, including which issues require a unanimous vote or a qualified majority to decide.

3. The number of members of the cooperative cannot be less than five.

Article 109. Property of an industrial cooperative.

1. The property belonging to the industrial cooperative is divided into shares of its members in accordance with the charter of the cooperative.

The charter of a cooperative can establish that a particular part of the property belonging to the cooperative consists of an indivisible fund to be used for purposes set out in the charter.

The decision on the formation of indivisible funds is made by unanimous vote of the members of the cooperative, unless otherwise provided for in the charter.

2. A member of the cooperative must pay at least 10

of the shares dues prior to registration of the cooperative, and the remainder must be paid within one year from the date of registration.

3. A cooperative does not have the right to issue stock.

4. Profits of the cooperative are distributed among the members according to their labor participation, unless another procedure is provided for by law or by the charter of the cooperative.

The property remaining after liquidation of the cooperative and satisfaction of the demand of its creditors is distributed by the same procedure.

Article 110. Management of an industrial cooperative.

1. The highest organ of management in an industrial cooperative is the general meeting of its members.

In a cooperative with more than 50 members, a supervisory board may be formed which controls the activity of the executive organs of the cooperative.

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Management and/or its chairman are the executive organs of the cooperative. They carry out the day to day management of the activity of the cooperative and are subordinate to the supervisory board and the general meeting of the members of the cooperative.

Only members of the cooperative may be members of the supervisory board and management of the cooperative, as well as the chairman of the cooperative. A member of the cooperative cannot simultaneously be a member of the supervisory board and a member of management or a chairman of the cooperative.

2. Authority of the organs of management of the cooperative and the procedure by which they make decisions are determined by law and by the charter of the cooperative.

3. The general meeting of the members of the cooperative shall have sole authority to:

1) Amend the charter of the cooperative;

2) Form the supervisory board and terminate the authority of its members, as well as to form and terminate the authority of executive organs of the cooperative, if this right is not given to the supervisory board by the charter;

3) Accept and exclude members of the cooperative;

4) Approve annual accounts and account balances of the cooperative;

5) Decide on the reorganization or liquidation of the cooperative.

The Law on Industrial Cooperatives and the charter of the cooperative can give the general meeting of members the exclusive authority to decide other issues.

Issues which the general meeting of members or the supervisory board have the exclusive authority to decide cannot be delegated to the executive organs of the cooperative.

4. Each member of the cooperative has one vote in the adopting of decisions at general meetings.

Article 111. Termination of membership in a industrial cooperative and conveyance of shares.

1. A member of the cooperative, at his own discretion, may leave the cooperative. In such an event, he must be paid the value of his share, or be given property of such value, and be paid any other amounts provided for in the charter of the cooperative.

Payment of the value of a share or payment of other property to a departing member of the cooperative shall be done at the end of the fiscal year and upon the approval of the accounting balance of the cooperative, unless otherwise provided for by the charter of the cooperative.

2. A member of the cooperative may be excluded from the cooperative by decision of the general meeting of members in the vent of failure to fulfill or improper fulfillment of obligations imposed on him by the charter of the cooperative, as well as in other instances provided for by law and by the charter of the cooperative.

A member of the supervisory board management organ can be excluded from the cooperative by decision of the general meeting of members in connection with his membership in a similar cooperative.

A member of the cooperative who is excluded from it has the right to receive his share and other payments provided for by the charter of the cooperative, in accordance with point 1 of this Article.

3. A member of the cooperative has the right to convey his share, or part of it, to another member of the cooperative, unless otherwise provided for by law or by the charter of the cooperative.

Conveyance of a share (or part of it) to a citizen who is not a member of the cooperative is allowed only with the consent of the cooperative. In such an event, other members of the cooperative have a prior right to but the share (or part of it).

4. In the event of the death of a member of an industrial cooperative, his heirs may be accepted as members of the cooperative, unless otherwise provided for by the charter of the cooperative. Otherwise, the cooperative shall pay the heirs the value of the share of the deceased member.

5. Creditors of a member of an industrial cooperative may not seek to recover his share in the cooperative unless he has no other property to cover the debts, according to the procedure established by law and by the charter of the cooperative. Indivisible funds of the cooperative are not subject to recourse for the debts of members of the cooperative.

Article 112. Reorganization and liquidation of an industrial cooperative.

1. An industrial cooperative can be voluntarily reorganized or liquidated upon decision by a general meeting of its members.

Other bases and the procedure for reorganization and liquidation are determined by this Code and other laws.

2. An industrial cooperative, upon unanimous vote of its members, may be reformed into a commercial partnership or company.

#4. STATE AND MUNICIPAL UNITARY ENTERPRISES

Article 113. Unitary enterprise.

1. A unitary enterprise is a commercial organization without property rights in the property assigned to it. The property of a unitary enterprise is indivisible and

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cannot be apportioned into deposits (portions, shares), including among members of the enterprise.

The charter of a unitary enterprise must contain the information indicated in point 2 of Article 52 of this Code, and information on the object and purposes of the activity of the enterprises, as well as the size of the charter fund of the enterprise, the procedure and sources of its formation.

Only state and municipal enterprises may be formed into unitary enterprises.

2. The property of a state or municipal enterprise is state or municipal property and belongs to such an enterprise based on the law of economic management or operative management.

3. The firm name of a unitary enterprise must indicate the owner of its property.

4. The organ of a unitary enterprise is its manager, who is appointed by the owner or by an agent of the owner, and is subordinate to it.

5. A unitary enterprise is liable for its obligations through all its property.

6. The legal status of state and municipal unitary enterprises is determined by this Code and by the Law on State and Municipal Unitary Enterprises.

Article 114. Unitary enterprise, based on the law of economic management.

1. A unitary enterprise based on the law on economic management is formed by the resolution of one authorized by a state agency or by an agency of local self-management.

3. The size of the charter fund of an enterprise based on the law of economic management cannot be less than the sum set out by the Law on State and Municipal Enterprises.

4. Prior to state registration of the enterprise, the charter fund of the enterprise must be paid in full by the owner.

5. If at the end of a fiscal year the clear assets of the enterprise are less than the size of the charter fund, the agency authorized to create such enterprises must reduce the charter fund according to the established procedure. If the value of clear assets become less than that required by law, the enterprise may be liquidated by court order.

6. In the event the decision is made to reduce the charter fund, the enterprise must inform all its creditors in writing.

A creditor of the enterprise has the right to demand early termination or early fulfillment of obligations by the debtor, and compensation for losses.

7. A unitary enterprise based on the law of economic management may create another legal person in the form of a unitary enterprise by conveying to it according to established procedure part of its property in economic management (subsidiary enterprise).

The founder approves the charter of the subsidiary enterprise and appoints its manager.

8. The owner of the property of the enterprise based on the law of economic management is not liable for the obligations of the enterprise, except in situations provided for in point 3 of Article 56 of this Code. This rule also applies to the liability of an enterprise which is the founder of a subsidiary enterprise, for the obligations of the latter.

Article 115. Unitary enterprise based on the law of operative management.

1. In situations provided for by the Law on State and Municipal Unitary Enterprises, upon resolution by the Government of the Russian Federation on the basis of property which is federal property, a unitary enterprise based on the law of operative management may be formed (federal state enterprise).

2. The founding documents of a state enterprise consist of its charter, approved by the Government of the Russian Federation.

3. The firm name of an enterprise based on the law of operative management must contain an indication that it is a state enterprise.

4. The rights of a state enterprise to property assigned to it are determined in accordance with Articles 296 and 297 of this Code.

5. The Russian Federation bears subsidiary liability for the obligations of a state enterprise if its property is insufficient.

6. A state enterprise may be reorganized or liquidated by resolution of the Government of the Federation of Russia.

#5. NONCOMMERCIAL ORGANIZATIONS

Article 116. Consumer cooperatives.

1. A consumer cooperative is a voluntary union of citizens and legal persons on the basis of membership with the purpose of satisfying the material and other demands of the participants by using the share dues of its members.

2. The charter of a consumer cooperative shall contain the information indicated in point 2, Article 52 of this Code, the terms of the amount of share dues of the members; the composition and procedure by which members pay share dues and their liability for violating the obligation to pay those dues; the composition and authority of the management organs of the cooperative and the procedure by which they can make decisions, including what decisions require unanimous consent or a vote of a qualified majority; and the procedure by which members will cover losses incurred by them.

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3. The name of a consumer cooperative must contain an indication of the purpose of its activity, and either the words "cooperative", or the words "consumer union" or "consumer society".

4. Within three months of the confirmation of the annual balance, the members of a consumer cooperative must cover any losses by paying additional dues. Failure to do so subjects the cooperative to liquidation by court order upon the demand of creditors.

Members of a consumer cooperative jointly bear subsidiary liability for its obligations within the limits of uncontributed dues by every member of the cooperative.

5. Income received by the consumer cooperative as a result of its entrepreneurial activity carried out in accordance with the law and the charter, is to be divided among its members.

6. The legal status of consumer cooperatives, as well as the rights and liabilities of their members, are determined according to this Code and the Law on Consumer Cooperatives.

Article 117. Social and religious organizations (union).

1. Social and religious organizations are voluntary unions of citizens who have united according to the procedure established by law on the basis of their common interest in a spiritual or other nonmaterial demand.

Social and religious organizations are noncommercial organizations. They have the right to carry on entrepreneurial activity only to attain the purposes for which there were created, and in accordance with those purposes.

2. Participants (members) of social and religious organizations do not retain rights in property which they convey to the organizations, including membership dues. They are not liable for the obligations of the social and religious organizations in which they participate as members, and the organizations are not liable for the obligations of their members.

3. Particularities in the legal status of social and religious organizations in relation to their participants are regulated by this Code and determined by law.

Article 118. Foundations.

1. For purposes of this Code, a foundation is a noncommercial organization which has no members, is founded by citizens and/or legal persons on the basis of voluntary contributions, and pursues social, charitable, cultural, educational or other socially useful purposes.

The property given to a foundation by its founders (or founder) is the property of the foundation. The founders are not liable for the obligations of the foundation, and the foundation is not liable for the obligations of the founders.

2. The foundation uses its property for purposes according to its charter. The foundation has the right to engage in entrepreneurial activity necessary to the attainment of the socially useful goals for which it was created, and in accordance with those purposes. To carry out entrepreneurial activity the foundation may create commercial companies or participate in them.

A foundation must publish an annual account of the use of its property.

3. The procedure for the management of a foundation and the procedure for forming its organ is determined by its charter, approved by the founders.

4. The charter of a foundation must contain the information indicated in point 2 of Article 52 of this Code, and must contain the name of the foundation, including the word "foundation", information on the purpose of the foundation; indicate the organs of he foundation, including the board of trustees created to supervise the activity of the foundation, the procedure for appointment of officers and their removal, the legal address of the foundation, and the fate of the property of the foundation upon its liquidation.

Article 119. Amendment of the charter and liquidation of a foundation.

1. The charter of a foundation can be amended by the agents of the foundation if the charter provides the possibility for such an amendment in such a manner.

If leaving the charter in unamended form would result in consequences unforseeable at the establishing of the foundation, but the charter doen not provide the possibility of amendment, or the charter is not amended by the authorized persons, then a court has the right to make such amendments upon petition by organs of the foundation or by an organ authorized to supervise its activity.

2. The decision on the liquidation of the foundation can be made only by a court upon the petition of interested parties.

A foundation can be liquidated:

1) If the property of the foundation is inadequate to carry out the purposes of the foundation, and the likelihood of acquiring the necessary property is unrealistic;

2) If the goals of the foundation cannot be attained, and the necessary amendments to the goals of the foundation cannot be made;

3) If the activities of the foundation deviate from its purposes, as established by the charter; 4) in other situations provided for by law.

3. In the event of the liquidation of a foundation, its property remaining after satisfaction of the demands of creditors goes toward the purposes indicated in the charter.

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Article 120. Institutions

1. An institution is an organization created by its owner to carry out management, social-cultural, or other functions of a noncommercial nature, and financed entirely or in part by him.

The rights on an institution in the property assigned to it are determined according to Article 296 of this Code.

2. An institution is liable for its obligations by the monetary resources at its disposal. Where such resources are insufficient, the owner bears subsidiary liability through his own property.

3. Particularities regarding the legal status of various kinds of state and other institutions are determined by law and by other legal acts.

Article 121. Unions of legal persons (associations and unions).

1. Commercial organizations, for the purpose of coordinating their entrepreneurial activity, as well as representing and protecting their common property interests, may by agreement among themselves create unions in the form of associations or unions, which are noncommercial organizations.

If, by decision of the participants, the association (union) is to conduct entrepreneurial activity, such association (union) will be reformed into a commercial company or partnership according to the procedure provided for by this Code, or it can create a commercial company to carry out entrepreneurial activity, or it can participate in such a company.

2. Social and other noncommercial organizations, including institutions, may voluntarily unite into associations (unions) of such organizations.

An association (union) of noncommercial organizations is a noncommercial organization.

3. Members of an association (union) retain their independence and the rights of a legal person.

4. An association (union) is not liable for the obligations of its members. Members of associations (unions) bear subsidiary liability for its obligations in the amount and according to the procedure provided for by the founding documents of the association.

5. The name of an association (union) must contain an indication of the basic object of the activity of its members and include the word "association" or "union".

Article 122. Founding documents of associations and unions.

1. The founding documents of an association (union) are the founding agreement, signed by its members, and the approved charter.

2. The founding documents of an association (union) must contain the information indicated in point 2 of Article 52 of this Code, the terms of the composition and authority of the organs of management of the association (union), the procedure by which they will make decisions, including which issues require unanimous vote or qualified majority vote of the members of the association (union), and the procedure for distributing companies remaining upon the liquidation of the association (union).

Article 123. Rights and obligations of members of associations (unions).

1. Members of an association (union) have the right to use its services without charge.

2. A member of an association has the right at his own discretion to leave an association (union) at the end of a fiscal year. In such an event, he bears subsidiary liability for the obligations of the association (union) in proportion to its dues for 2 years from the date of his departure.

A member of an association (union) can be excluded from it by decision of the remaining participants in situations and in accordance with the procedure established by the founding documents of the association (union). In regards to the liability of the excluded member of the association (union), the same rules apply as to one who voluntarily leaves an association (union).

3. A new participant may join an association (union) with the consent of the members. Entrance into an association (union) by a new participant may be conditioned upon his assuming subsidiary liability for obligations of the association (union) arising prior to his joining.

ITAR-TASS Carries Press Review for 11 Jan

LD1101062495 Moscow ITAR-TASS in English 0537 GMT 11 Jan 95

["Press Review"—ITAR-TASS headline; all quotation marks as received]

[FBIS Transcribed Text] Moscow January 11 ITAR-TASS—Today's newspapers continue to concentrate on the situation in and around Chechnya. Under the headline "Crisis Split Moscow Establishment", the ROSSIYSKAYA GAZETA newspaper carries an article by its political analyst Vladimir Kuznetsovskiy, expressing opinion that the attitude to the Chechen events can become a reason for reshuffling the top echelon in the country.

"Democrats decided to remove the president. They convinced the West of the need for this action for the sake of preserving reforms. Western countries are examining sanctions against Russia if Yeltsin does not return to the camp of democrats," the journalist writes.

In Kuznetsovskiy's opinion, democratic quarters should now think not about the president's replacement.

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"Under the present circumstances, democrats should assume their part of responsibility for the Chechen crisis and not call for the president's removal but help him to rectify mistakes," the analyst claims.

According to a prediction by the ROSSIYSKIYE VESTI newspaper, an event can take place at the plenary sitting of the State Duma (lower house of the Russian parliament) on Wednesday, which can "throw Russia into an abyss of anarchy".

This event "can be compared with the assault on Groznyy without any reservations. The only difference is that "the peaceful legislators' corps" will storm the Russian Constitution.

The newspaper runs an interview with State Duma Speaker Ivan Rybkin, dealing with the Chechen developments. "Chechnya has laid bare our own defect: inability to detect and localise a misfortune in good time. We have permitted it to develop into a national disaster.

"However, there will be no disasters in Russia, and power in our state will not be trampled underfoot," Rybkin stressed.

The IZVESTIA newspaper runs articles of its special correspondents on the situation in Russian troops in Chechnya under the title "Drama of the Army Is Drama of the People".

The KRASNAYA ZVEZDA newspaper writes about the Chechen developments that "despite all the odds, the army is tackling tasks facing it".

The same daily reports that Nayna Yeltsina, wife of the Russian president, visited the chief military hospital named after Burdenko and handed over sets of surgical underwear to servicemen.

The KOMSOMOLSKAYA PRAVDA newspaper carries the article "Kremlin's Peace Efforts in Caucasus Will Raze Chechnya to the Ground". In the newspaper's opinion, the new year military action by the president "removed, in actual fact, one of the main obstacles in the way to autocracy—federalism.

"There is no need to be a crystal-gazer to forecast how all Russian autonomous entities will react to the Chechen bombings. No matter what Yeltsin now speaks about equality of big and small Russian peoples, nobody will believe him.

"This is true not only of his words but also of documents proving criminality of the Dudayev's regime, which will inevitably appear in the near future," the newspaper writes.

The daily also features an interview with famous ballerina Galina Ulanova who marked her 85th birthday. "The Bolshoy Theatre planned to mark this birthday, but I thought: I had come onto the stage without dancing four times already. This is too much. Besides, the situation is now not for a holiday," the great ballerina said.

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International Reaction to Chechen Developments

LD1001200995 Moscow ITAR-TASS in English 2002 GMT 10 Jan 95

[FBIS Transcribed Text] Paris January 10 TASS—The political commission of the Council of Europe's Parliamentary Assembly expressed concern over the Chechen situation here today.

A statement to the effect was sent to the ITAR-TASS Paris office. It denounces the use of military force against the population, including in Groznyy and around it.

Bearing in mind the opposition of both Russian parliament chambers to the "armed aggression" in Chechnya, the political commission recommends to reserve the special invited status for the Russian parliamentary delegation to the upcoming session of the Parliament Assembly's session.

At the same time, the commission decided to postpone the discussion on Russian admission to the Council of Europe and called on the Parliamentary Assembly to hold immediate debates on the Chechen situation and make conclusions. The debates are expected to be held during the next session of the Parliamentary Assembly scheduled for January 30 through February 3 in Strasbourg.

Geneva—Swiss President Kaspar Villiger thinks that the Chechen conflict must be settled with political methods. He called on political and military officials to stop the bloodshed and sufferings of civilians.

The president stressed the need for more active international efforts in settlement and prevention of conflicts.

London—Chechnya is, undoubtedly, part of the Russian Federation, and the rebellion that has been going on for a long time there has created very serious problems, British Prime Minister John Major said here today.

He said he shares concern over the solution of this problem in the past few weeks and the bombing that has claimed numerous civilian lives. Major said that Great Britain has informed the Russian Government of this concern.

Helsinki—Finnish President Martti Ahtisaari has called against any sanctions against Russia because of military operations in Chechnya.

He stressed that Chechen developments are an internal affair of Russia, and said he does not think any pressure on Russia can be discussed inside the European Union. The president lamented that cease-fire announced in Chechnya this morning was broken.

Kozyrev Supports Plan To Send OSCE Observers to Chechnya

LD1001180595 Budapest Kossuth Radio Network in Hungarian 1700 GMT 10 Jan 95

[FBIS Translated Text] Russian Foreign Minister Andrey Kozyrev supports the plan for the Organization for Security and Cooperation in Europe [OSCE] to send a group of observers to the crisis zone in Chechnya. Janos Molnar reports from the Russian capital.

[Molnar] The OSCE wishes to provide assistance to Russia in settling the conflict peacefully, and it emerged at the talks held by Istvan Gyarmati that Moscow is ready to get in touch.

The Hungarian ambassador, who is acting on behalf of the OSCE, said after his meeting with Andrey Kozyrev that the Russian foreign minister acknowledged the role of the OSCE in protecting human rights, and had indicated that the breaches of rights in Chechnya could not be regarded as strictly the internal matter of one country. Kozyrev supported the idea that observers from the European organization should examine the situation at the scene, and that with their efforts they should contribute to the restoration of normal life, primarily in spheres such as preparing elections and organizing humanitarian aid deliveries.

Istvan Gyarmati also said that he rapidly reached a common understanding with the Russians during his talks in Moscow, since both sides regarded the inviolability of the territorial integrity of the Russian Federation as their point of departure, and they reaffirmed that the Chechnya crisis should be resolved in accordance with the stipulations of the Russian constitution.

The Hungarian ambassador also said that he will report on the results of his visit to the OSCE council meeting in Vienna on Thursday. He trusts that the European organization will in the near future begin implementation of the tasks related to providing assistance in a peaceful way.

Observers' Security Cannot Be Guaranteed

LD1001195195 Budapest MTV Television Network in Hungarian 1830 GMT 10 Jan 95

[FBIS Translated Text] The Organization for Security and Cooperation in Europe [OSCE] will send a fact-finding committee to Chechnya soon. This is what the envoy of the OSCE's chairman in office [Ambassador Istvan Gyarmati] agreed on in Moscow. Gyarmati held talks with Russian Foreign Minister Andrey Kozyrev on the Chechen crisis today.

[Begin recording] [Gyarmati] The OSCE would very much like to act as soon as possible, and the Russian republic—I think—understands the urgency of our involvement in the solution of this problem. We are of the view that the appropriate resolutions have to be passed at the session of the OSCE's permanent council, which is to take place this week [11 January], and on the basis of this—under the auspices of the OSCE's chairman in office—a mission should be sent to Russia, including Chechnya, too. This mission could help to gather information, to get familiar with the situation, and to assess precisely what kind of help we can provide. I hope that this mission will be sent during the forthcoming days.

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[Unidentified correspondent] Will anybody guarantee the security of this mission in Chechnya?

[Gyarmati] Well, obviously, we cannot expect 100 percent security here. However, I think that we diplomats have to take at least as much risk as that taken by the journalists visiting the region. [end recording]

UN Envoy Retracts Report of Mission's Arrival in N. Ossetia

LD1001204295 Moscow ITAR-TASS in English 2004 GMT 10 Jan 95

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Transcribed Text] United Nations January 10 TASS—Official representative of the United Nations secretary-general Joe Sills refuted today his Monday's [9 January] report saying a U.N. mission has arrived in Northern Ossetia to estimate the need for humanitarian assistance to displaced persons from Chechnya.

He apologized for reporting the departure of a mission of the office of the U.N. High Commissioner for Refugees and the International Red Cross to the Chechen area and said this information was given to him by the high commissioner's office and appeared to be incorrect. The mission arrived in the Moscow airport but was prohibited to leave for the region due to bad weather, said Sills.

Kozyrev Postpones Visit to Japan Because of 'Busy' Schedule

LD1001180095 Moscow INTERFAX in English 1527 GMT 10 Jan 95

[From the "Diplomatic Panorama" feature: by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, Jan 10 (Interfax)—Russian Foreign Minister Andrey Kozyrev has put off a visit to Japan originally scheduled for later this month, a senior Russian diplomat said.

The reason for the postponement is Kozyrev's "busy" current schedule, the head of the Russian Foreign Ministry's Second Asian Department, Nikolay Solovyov, said Tuesday [10 January].

Work on the program of the visit will continue on both sides, Solovyov told Interfax.

He said the matter had been discussed "in general terms" during a meeting between Russian Deputy Foreign Minister Aleksandr Panov and the Japanese ambassador to Russia, Koji Watanabe, held in Moscow Monday.

"It was stressed on our side that Moscow by no means links Kozyrev's visit to Tokyo to the internal political situation either in Russia or in Japan," nor does Japan link it to the events in Chechnya, Solovyov said.

The press release of the Japanese Embassy handed over to Interfax, says that this document features "a serious concern" by the Japanese Government over the situation in Chechnya, where "hostilities continue and there are many casualties, including among the civilian population".

The Japanese Government, says the document, expresses hope for the earliest cessation of the "military confrontation", and believes that "peaceful life and safety of the population will be ensured".

Kono said that the official Tokyo "continued backing President Yeltsin's efforts aimed at conducting reforms in the political and economic planes."

The Japanese Government wishes, he said, that the Russian Government "manage to settle, as soon as possible, the situation in Chechnya peacefully and continue reforms."

Clinton Plan for Cyprus Said 'Not Without Risks'

MM1101105195 Moscow KRASNAYA ZVEZDA in Russian 11 Jan 95 p 3

[Report by Vadim Markushin: "Is There To Be a U.S. Diplomatic Triumph in Cyprus? U.S. President Gives 130 Working Days To Resolve a Problem That Is Already Over 20 Years Old"]

[FBIS Translated Excerpts] It is hard to tell what guided U.S. President Clinton in setting a timeframe of 130 working days for the diplomatic settlement of one of the oldest international problems. But he hardly plucked this figure out of the air. Presumably, cogent computations by Department of State analysts, who have evidently decided to demonstrate to the world community the high class of U.S. diplomacy in this explosive region, is behind it. [passage omitted]

In making a fresh attempt to reach a political settlement in Cyprus, Washington is striving to smooth out the Greek-Turkish differences come what may, stabilize the situation on NATO's southeastern flank, and strengthen its great-power prestige. An attempt, we would point out, that is not without risks. Since if it fails it will only stir up old enmities and step up the threat of renewed Greek-Turkish confrontation against the backdrop of the military conflagrations already blazing in the vicinity.

And these kind of forebodings are already arising. Among other things because of the choice that Clinton has supposedly made in deciding on the key player in this delicate and difficult undertaking. It is reported that Richard Beatty, a prosperous New York lawyer close to the President, but who is not a specialist on this region, will take up the post of special envoy to Cyprus. He will have to implement the plans of the White House incumbent, who is undoubtedly craving diplomatic success.

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Moscow Plans To Cut Fuel Exports to CIS Bad Debtors

LD1001192195 Moscow INTERFAX in English 1447 GMT 10 Jan 95

[FBIS Transcribed Text] Moscow, Jan 10 (Interfax)—Ukraine has run by far the biggest debt for gas and oil imports from Russia, a source close to the Russian ministry for CIS cooperation told Interfax. It total bill runs at Rbl [rubles] 4,8883.84 billion including Rbl 210.5 billion for crude oil, Rbl 4,605.8 billion for natural gas and Rbl 6.9 billion for oil products.

The source maintains Moscow plans to cut fuel exports to defaulting CIS states this year whose combined debt has reached more than Rbl 8 trillion.

The planned cut is explained by dwindling output of oil products, massive defaulting by CIS states and the need to boost up oil exports to the West to build up Russia's own foreign exchange reserves.

In the meantime, Russian Economics Minister Yevgeniy Yasin told Interfax that Moscow wants a full advance payment from CIS importers this year though their "financial possibilities will be taken into account on a case-to-case basis."

U.S. 'Satisfied' With Results of CBW Site Inspection

MM1001130195 Moscow KRASNAYA ZVEZDA in Russian 10 Jan 95 p 2

[Report by Oleg Bedula: "Analyses Have Been Handed to the Americans. They Are Satisfied With Them"]

[FBIS Translated Text] Saratov Oblast—In accordance with a bilateral agreement between the Russian and U.S. governments, the U.S. side has conducted an inspection at a former establishment for developing chemical weapons—the State Institute for Organic Synthesis Technology [SIOST] in Shikhany. Doctor of Technical Sciences A. Kochergin, director of the SIOST, said: "The inspectors' work involved inspecting the establishment and premises, and taking samples for analysis from the equipment and soil around the buildings in order to test them for the presence of toxic substances and half-life products [poluproduktov] . It is important to note that toxic substances or half-life products [produkty poluraspada] were not found in any of the soil samples taken."

Russia Allegedly Sold Arms to Iraq in 1993

BR1101105595 Madrid EL PAIS in Spanish 9 Jan 95 p 2

[Report signed "P.B.": "Russian Officials Were Involved in Arms' Trafficking Via Chechnya, According to Former Public Prosecutor"]

[FBIS Translated Text] Moscow—Several high-ranking officials of Russia's political leadership used the secessionist republic of Chechnya and the Armenian enclave Nagorno Karabakh (belonging to Azerbaijan) to carry out international arms sales, according to what former Russian Public Prosecutor Aleksey Kazannik told me yesterday, mentioning a 1993 investigation carried out by Russia's military public prosecutor's office as his source.

The jurist, formerly a supporter of [President] Yeltsin, has been living in the Siberian town of Omsk since he resigned from his post in protest against the pressure exerted on him by the Russian president and his followers to force him to suspend the political amnesty granted by the Russian Parliament to Yeltsin's opponents.

Kazannik said that, due to his resignation, he had not been able to request the Council of the Federation (Russian Parliament's upper house) to approve the arrest of a high-ranking Russian official who (according to an investigation completed by the military public prosecutor's office late in 1993) was implicated in the arms trafficking. The former public prosecutor refused to mention the name of the high-ranking official in question.

Yesterday, well-informed sources close to Kazannik stated that, according to the investigations conducted by the military public prosecutor's office, Russian officials sold arms to Iraq in 1993, despite the international embargo. According to the same sources, a number of operations to sell arms to South Africa on unspecified dates had not been carried out.

Although it is unlikely that Russian official institutions will confirm information on arms trading which may affect politicians who are still active today in Yeltsin's entourage, Kazannik's and the other above-mentioned sources' statements highlight the many question marks surrounding relations between Chechen leader General Dzhokhar Dudayev and top Russian officials during the three years between Chechnya's declaration of independence and the beginning of the Kremlin's direct military intervention in November 1994.

Among the questions still requiring an answer today are the possible relations between Dudayev and the management of the state-owned company Rosvooruzhenie (Russian armament firm), which was set up in 1993 to monopolize and control foreign trade in Russian weapons. This company was directed by General Victor Samoylov, who had been expelled from the Communist Party because of his closeness to Boris Yeltsin, and who in 1992 was defense adviser to Aleksandr Kotelkin, a career diplomat who, working from the Foreign Economic Relations Ministry, had supervised Russia's military cooperation with other countries.

The circumstances surrounding Samoylov's resignation are unknown. When asked about this subject, Yeltsin's representative in Rosvooruzhenie, Marshall Yevgeniy Shaposhnikov, told this newspaper that the appointment of a new director aimed to increase the company's professionalism. Among the issues still to be clarified are the relations between Samoylov and President Yeltsin's

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security services chief General Alexandr Korzhakov, as well as relations between Dudayev, who used to belong to the Russian Air Force, and Marshal Shaposhnikov, who was Air Force chief in 1990, as well as Soviet defense minister in 1991, and chief of the CIS's unified command.

Russian Deputy Prime Minister Sergey Shakhray has asked for explanations concerning the circumstances in which Shaposhnikov sent a top military delegation to Chechnya in 1991, allegedly including Shaposhnikov himself and current Defense Minister Grachev. In 1992, Russian troops withdrew from Chechnya abandoning a number of major military arsenals behind.

Conventional Armed Forces Treaty Not in Russia's Interest

LD1001162895 Moscow ITAR-TASS in English 1505 GMT 10 Jan 95

[By ITAR-TASS correspondent Yuriy Kozlov]

[FBIS Transcribed Text] Moscow January 10 TASS—The Treaty on Conventional Armed Force in Europe in its present form is not in Russia's interests from its national security point of view, Vladimir Lukin, the chairman of the State Duma (lower house of parliament) committee of international affairs, said during a press conference today.

According to Lukin, at present there are only two versions of solutions to the problem that has emerged. The West either agrees to review the appropriate provisions of the document or Russia will be compelled to abandon the treaty.

The essence of the current differences is that restrictions on numbers of troops and arms, stipulated in the Treaty on Conventional Armed Forces in Europe were established for the former Soviet Union and had taken into consideration armed forces in the Baltic region, the Ukraine and Kazakhstan. The territory, within which the present Russian Federation is situated, had in the past quite different military-strategical significance. With the disintegration of the Soviet Union the situation has undergone a radical change, he said.

Under these circumstances, it is necessary to amend the existing treaty in order to at least ensure the "minimal security" requirements of Russia. A dialogue of this nature is underway with Western partners, but until now no specific results have been achieved, the State Duma committee chairman noted.

Atomic Minister on Russian-Iranian Nuclear Cooperation

LD1001190795 Moscow ITAR-TASS in English 1646 GMT 10 Jan 95

[By ITAR-TASS correspondent Marina Barinova]

[FBIS Transcribed Text] Moscow January 10 TASS—"The Russian-Iranian cooperation in nuclear power engineering has peaceful goals," said Russian Minister for Nuclear Energy Viktor Mikhaylov upon his return from Iran.

He stressed that the "nuclear reactor to be finalized by Russian specialists in Iran cannot be used for war purposes, since war plutonium is made by reactors of another type". Besides, the Iranian nuclear program is being controlled by the IAEA and Iran is an active member of that international organization.

In his words, the Russian specialists will help Iran to build an average water-water nuclear power plant many of which are functioning around the globe.

Deal Seen Antagonizing U.S.

MK1001144995 Moscow KOMMERSANT-DAILY in Russian 10 Jan 95 p 4

[Report by Valeriya Sycheva: "Russian-Iranian Nuclear Cooperation. Terrorists to Some, Partners to Others"]

[FBIS Translated Excerpt] Moscow's first foreign policy surprise of 1995 has been a $800-million contract with Tehran for the construction of a nuclear electric power plant on the Persian Gulf coast, which was signed Sunday to the roaring accompaniment of Washington's and Tel Aviv's warnings about the threat that "an unstable, terrorism-sponsoring country" could become a nuclear power. [passage omitted]

U.S. newspapers have been replete with articles whose main idea boils down to the assertion that Russia should have discussed its plans to construct a nuclear power plant in advance with the United States ("which considers Iran a sponsor of terrorism and has made extensive efforts to isolate it internationally"). Washington, however, did not consult Moscow, either, when an international consortium to reequip the DPRK's nuclear power plants was being set up—and that despite the fact that Russia and the DPRK had earlier concluded relevant agreements on the subject. Technically, Washington has no grounds for complaint because Iran is not an object of any international sanctions. But presently any strengthening of Russia's cooperation with the United States' enemies would prompt a particularly sensitive reaction overseas. For this reason, a symmetrical response can well be expected in the most unpredictable areas—from foreign aid to scheming on the world fissionable materials market.

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Political Issues

Yegorov on Chechnya; 'Stand Our Ground'

LD1001213595 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 10 Jan 95

[From the "Vremya" newscast]

[FBIS Translated Text] [Announcer] We have an exclusive interview prepared by correspondents of our TV agency and the Kuban TV company—Dmitriy Kochetkov, Vladimir Runov, and Yuriy Arkhangelskiy. [passages in quotation marks are recorded]

The reserves of firearms in Chechnya are huge, Russia's Deputy Prime Minister Nikolay Yegorov believes. There are arms and ammunition depots in the republic. Yegorov believes that unlimited use could be made of the air force and rocket artillery to destroy them. The minister believes that if troops had not been introduced into Chechnya at this point in time, Russia would have a war on its hands by the summer that would sweep the entire south of the country.

[Yegorov] "In that case of course we would not be counting those killed in tens but in tens of thousands. Because a million- strong population that is devoid of any economy and that is saturated with a huge quantity of armaments...[pauses]...Here I have documents. [Yegorov picks up documents concerned] Yesterday Shaposhnikov, the former USSR defense minister, recounted very touchingly how he did not take part in the hand-over of arms. Here it is confirmed by documents that when he was commander in chief of the CIS armed forces; here I have his letter, dated 18 April 1992, where he requests that military property and weapons should be handed over to Dudayev at knockdown prices. And here is the contract signed by both Lieutenant General Stroganov and Dudayev. Here the number of the armaments handed over is listed. Of course, all this would be firing at the Caucasus and the south of Russia tomorrow and the whole of Russia would be drawn into this conflict."

[Announcer] Nikolay Yegorov believes that the Chechen crisis has shown that a radical reform of the state and the armed forces is necessary.

[Yegorov] "To ensure that young lads should not be taking part in such conflicts but rather professionals who dedicate their lives to the army."

[Announcer] And one more reform is necessary, in the opinion of the minister—that of the mass media.

[Yegorov] "Because today all mass media have landed up in the hands of those who have their own particular interests in Groznyy. After all, words about freedom, independence—all this is a screen. The war is being waged for the resources, the war is being waged for the oil that is concentrated here. The mass media have virtually declared war on our statehood, they have declared war on the government, they have declared war on the president. Of course, the soldier who was in the trenches, who watched all atrocities with his own eyes, he does not land up on the screen.

"On the screens you will have Pamfilova, on the screens you will have Gaydar. Kovalev will be on the screens. After all, they aren't risking anything. They are earning political dividends. They aren't risking either their families or their children. Yes, it is we who are risking them. Because any one of us can imagine what will happen to his children if they are captured by those who have sworn to take revenge. It is understood that all of us have already been sentenced. But the same thing will happen to our families. And now they, you see, they are arraying themselves as benefactors, very noble people. After all, she says that children have been killed there. But she is not saying that mercenaries, having dropped in at one of the kindergardens, raped all children and teachers. Today we cannot show the woman, a kindergarten teacher. We are unable to put this woman who told us this, a kindergarten teacher, in front of the TV screen today as she is afraid. Naturally she fears too much for the lives of her children and for own life to appear in front of a TV camera and speak of the horrors that are being perpetrated there.

"You understand that Russia's fate is being decided here now. If we do not stand our ground here now, a few months from now Russia will no longer exist."

Lobov on Continuation of 'Disarmament'

LD1001191395

[FBIS Editorial Report] Moscow INTERFAX in English at 1638 GMT on 10 January carries the following reports on an interview with Oleg Lobov, secretary of the Security Council. The reports are datelined Moscow, 10 January:

"The disarmament of illegal armed units in Chechnya must go ahead after the expiry of the 48 hour truce declared by Moscow, Oleg Lobov, secretary of the Russian National Security Council, told journalists in Interfax's central office in Moscow. He emphasized that the order to cease hostilities as of 08:00 on January 10 was given by Prime Minister Viktor Chernomyrdin who acted on instructions from President Boris Yeltsin. Lobov said that this was another attempt at putting the process in Chechnya on a road to peace.

"He explained that members of illegal armed units could lay down arms during the truce. Amnesty and a court immunity is guaranteed to them, he said. According to Lobov, the unilateral truce was a humanitarian gesture and it would be an error on the part of the Chechen leaders not to use it. He did not agree with a view voiced by a journalist that the truce declaration was more like an ultimatum and said that an ultimatum did not mix well with an amnesty. Lobov did not rule out the

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possibility that Dudayev's supporters would use the truce to regroup and bring in ammunition to the forward positions.

"Secretary of Russia's Security Council Oleg Lobov says it is now impossible to speak in terms of complete federal control of land and air routes to Chechnya. Lobov was speaking in an interview at the Interfax news agency's headquarters in Moscow on Tuesday.

"The first such attempt to establish federal control was made at the end of November, but this proved too hard to implement in mountainous conditions, Lobov said. But all the same, he continued, it can be said that the main routes leading from Russia and other countries to Chechnya are sealed. Lobov said Chechnya is part of Russia and therefore, full border controls will be established only on those parts of the Chechen border which coincide with Russia's formal frontiers with other countries.

"The Russian Security Council's Chairman Oleg Lobov regards as deserving scrutiny statements by Marshal Yevgeniy Shaposhnikov and General Boris Gromov that the Soviet Army's hardware were turned over to Dudayev's regime with General Pavel Grachev's knowledge. Lobov told this to journalists at the Interfax head office in Moscow. At the same time, in Lobov's opinion, the Security Council cannot regard these remarks as a pretext for debating the issue.

For that, he explained, there "must be appropriate legal grounds, including a conclusion from investigating bodies." He recalled that the acting prosecutor general had started a legal case on the fact of actions by illegal armed units in Chechnya. Naturally, Lobov stressed, investigators will seek a reply to "the main question: how and when did Dudayev's opponents get hold of the fire and heavy arms of the former Soviet Army."

" Oleg Lobov, secretary of the Russian National Security Council, said that the country's leadership did not believe that what happened in Chechnya was tantamount to a Russian defeat. He explained that if the Russian armed forces had used all the weapons at their disposal, the resistance in Chechnya would have been broken in a matter of hours. Lobov emphasized that the Russian leadership did not regard the events in Groznyy as a war between Russia and Chechnya. 'Illegal militias are being disarmed on our soil. No government in the world could tolerate their existence,' he said.

"Oleg Lobov, secretary of the Russian National Security Council, believed that not all members of Dudayev's forces knew of the Moscow-declared 48 hour truce. He said that this might be the reason why fighting continued in various parts of Groznyy Tuesday. In particular, Lobov said, two tanks broke into the square outside the so-called presidential palace in the Chechen capital. He said that about 15,000 Dudayev fighters, some of them mercenaries, had stayed in Groznyy until recently. According to Lobov, there were probably as many as 500,000 refugees in and outside Chechnya."

Luzkov on Chechnya; 'Bungled,' 'Necessary'

LD1001151595 Moscow INTERFAX in English 1329 GMT 10 Jan 95

[FBIS Transcribed Text] Moscow, Jan 10 (INTERFAX)—According to Moscow's Mayor Yuriy Luzhkov, the presidential administration's measures to restore constitutional order to Chechnya are "grounded and necessary, but regrettably, belated." As he remarked in an interview with INTERFAX, "it would be better to carry out these decisions by peaceful methods."

"Unfortunately, that did not happen: the active military operation began" [quotation mark as received] and is being bungled, Luzhkov said, adding that "instead of specialists, who know how to handle the scalpel, there have been butchers at the operating table." He urged the national leaders to analyze the situation in Chechnya and draw a proper conclusion. "The military operation will bring us victory, which, in fact, is a defeat since it will come at a madly and inadmissibly high price with huge and unjustifiable casualties, civilian and military alike," Luzhkov said.

Admitting that he is not a military expert, Luzhkov expressed confidence that the lack of military skill may "prove far too dangerous for Russia" when it faces a real enemy.

Abdulatipov Refuses To Work on Commission

LD1001175295 Moscow Radiostantsiya Ekho Moskvy in Russian 1700 GMT 10 Jan 95

[FBIS Translated Text] Ramazan Abdulatipov, vice speaker of the Federation Council, today stated that he had declined to work in the supervision commission for the observance of citizens' rights and liberties in Chechnya. In Abdulatipov's opinion, Russia has now been turned into a zone of total violation of nationalities' rights.

General Gromov Cites 'Differences' With Grachev

MM1001180195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 11 Jan 95 p 2

[Interview with Russian Federation Deputy Defense Minister Boris Gromov by Sergey Bogdanov under "Evening Call" rubric; presumably on 10 January; place not stated: "Boris Gromov: Grachev Is Surrounded. By His Own Dilletante-Aides"]

[FBIS Translated Text] [Bogdanov] Boris Vsevolodovich, is this your last interview as deputy minister?

[Gromov] This is a question which would be better answered by somebody else more in the know.

[Bogdanov] Your possible dismissal, just like the removal of several other of Grachev's deputies, can

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hardly be linked merely with the stance taken up in respect of the punitive action in Chechnya in the way that. The real reasons doubtless run deeper?

[Gromov] In the course of the last year, differences of opinion between the defense minister and his deputies have multiplied. Immediately after Grachev's appointment we had to correct him and point him in the direction of the correct decisions in complex situations. And this is understandable—Generals Mironov and Kondratyev have to their credit a great deal of service experience, including in a combat situation. They have the years of the Afghanistan War behind them. I, too, have a lot of experience.

However, with time the defense minister to all intents and purposes excluded us from his circle of personal contact. When hammering out almost all the most important decisions, Grachev took advice only from those aides from his immediate entourage. Many of them, having forged a stunning career in the space of a few months' service in the central apparatus, possess truly mediocre professional qualities and display a lack of experience.

Simultaneously, decisions of the utmost importance for the Armed Forces were being taken by Grachev without discussion in the Defense Ministry Collegium, and often in conflict with the stance of several deputy defense ministers. But the main problem is the use of troops to settle domestic political problems. This was the case in October 1993, and it is being repeated today in Chechnya too.

Especially, I noticed a clear shift in Grachev's relations with me after the fall of 1993. For moral reasons I did not take part in those events. Likewise, I am convinced that the Armed Forces are being used in Chechnya today without justification.

[Bogdanov] Why were you not brought in to participate in planning and conducting the Chechen operation?

[Gromov] Nobody proposed that I should be, as I am categorically opposed to the fact that the Armed Forces, on their own territory, are carrying out large-scale combat activities with the use of combat aviation and artillery, tanks, and other hardware.

This leads only to unjustifiable losses. Already today, hundreds of Russian citizens have been killed and thousands wounded. Military excess will lead only to prolonged hostility in the North Caucasus, and it will mutate into incessant terrorist actions.

[Bogdanov] It is, however, hard to disagree with the assertion that in recent years Chechnya has in fact become a magnet for criminal elements of all hues.

[Gromov] Yes, of course, it was necessary to restore order, but not via the involvement of the Russian Armed Forces. The main tasks should have been tackled by the internal troops of the MVD [Ministry of Internal Affairs].

[Bogdanov] Do you see a way out of the Chechen impasse?

[Gromov] It is essential immediately to halt the shelling and the bombing strikes against Groznyy and other populated areas of Chechnya and to get down to peace talks. Difficult though it may be to admit today, the Chechen problem has just one solution—a peaceful one.

Yeltsin, Chernomyrdin Discuss Chechnya

LD1001163295 Moscow ITAR-TASS World Service in Russian 1458 GMT 10 Jan 95

[FBIS Translated Text] Moscow, 10 Jan (ITAR-TASS)—Boris Yeltsin and Viktor Chernomyrdin today discussed the situation in the Chechen republic.

As the press service of the Russian Federation president reports, "the prime minister reported to the president about measures being undertaken in connection with the agreed break in hostilities, and told the president about the first contacts with elders and representatives of clans within the framework of the first stage of the negotiating process."

The president and the head of government "made a critical analysis of the methods of adopting important political decisions," the report says. "The president particularly stressed the need to draw professionals and analysts more broadly into the stage of working out decisions, as well as the need to make a preliminary assessment of the financial consequences of any decisions undertaken," the press service notes.

Chernomyrdin Offers Settlement Plan

LD1001171995 Moscow ITAR-TASS in English 1646 GMT 10 Jan 95

[By ITAR-TASS correspondent Gennadiy Yezhov]

[FBIS Transcribed Text] Moscow January 10 TASS—The need to "settle the Chechen situation with political methods" was voiced by Russian Prime Minister Viktor Chernomyrdin today during a meeting with representatives of the Chechen Moscow diaspora.

In the opinion of the premier, these methods include the creation of peace zones on Chechen territory to enjoy cease-fire and the amnesty for members of illegal armed units who voluntary lay down heavy arms, as well as a broad dialogue on political settlement in Chechnya amongst the Chechen people and with its representatives and the federal authorities.

Refuses To Discuss Chechnya Politics

LD1101095695 Moscow ITAR-TASS World Service in Russian 0910 GMT 11 Jan 95

[By ITAR-TASS correspondent Tamara Zamyatina]

[FBIS Translated Text] Moscow, 11 Jan—"Prime Minister Viktor Chernomyrdin is willing to discuss with

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leaders of State Duma factions their specific proposals on how to normalize the situation in Chechnya. At the same time, Chernomyrdin has unequivocally refused to discuss the political aspects of the problem." This is how Valeriy Grishin, deputy head of the government press service, assessed in an interview to ITAR-TASS the approach adopted by the prime minister to the president's order to normalize the situation in Chechnya.

He explained that Tuesday's [10 January] brief meeting between Viktor Chernomyrdin and Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia faction in the State Duma, must be viewed only from this perspective.

Chernmoyrdin, Zhirinovskiy Discuss Issues

LD1001175195 Moscow NTV in Russian 1600 GMT 10 Jan 95

[FBIS Translated Text] Russian Prime Minister Chernomyrdin today met with leader of the Liberal Democratic Party Vladimir Zhirinovskiy. The talks took place behind closed doors, however, INTERFAX learned from well-informed sources in the government that during the conversation there was a discussion of questions of the socio-political situation in the country, primarily related to the crisis in Chechnya.

Moscow Chechens Assess Chernomyrdin Talks

LD1101122295 Moscow INTERFAX in English 1148 GMT 11 Jan 95

[FBIS Transcribed Text] Moscow, Jan 10 (INTERFAX)—Representatives of the Chechen diaspora in Moscow assess results of their meeting with Russia's Prime Minister Viktor Chernomyrdin held on Tuesday [10 January] evening as "reassuring," one of the participants of the meeting Academician of the Russian Academy of Sciences and pro-rector of the Moscow Medical Academy Khasan Musalatov declared in an interview with Interfax.

In his words, "Chernomyrdin fulfils President Boris Yeltsin's instruction to organize a political settlement of the Chechen crisis with a great responsibility."

Musalatov reported that "in the course of the conversation the parties spoke about possible creation of "peace zones," where there will be no combat operations, on the republic's territory. It was proposed to entrust plenipotentiary representatives of corresponding populated centers and regions with defining places of these zones. In addition, Musalatov said, the parties discussed proposals concerning surrender or ransom of arms, regions of arms' surrender, and conditions of arms' storing.

When asked about concrete agreements reached in the course of a 2-hour conversation, Musalatov declared that "concrete issues will be solved at the next meetings and in the course of a joint work of the Chechen representatives and Russian officials, Russia's Deputy Minister on Nationalities and Regional Policy Vyacheslav Mikhailov and President of the Russian Union of Industrialists and Entrepreneurs Arkady Volsky."

Musalatov highly appreciated "Chernomyrdin's readiness to hold negotiations with any groups and public blocs able to propose constructive solutions which will help to draw Russia and Chechnya out of the crisis."

General Lebed's Dismissal Seen Imminent

AU1001200095 Chisinau BASAPRESS in English 2046 GMT 9 Jan 95

[FBIS Transcribed Text] Chisinau/Tiraspol, BASAPRESS, 9/1/1995—Soon a special commission of the Russian Ministry of Defense will arrive in Tiraspol vested with a presupposed authority to dismiss General Lebed from his post as commander of the 14th Army, reported today the Moldovan national radio station quoting "reliable military sources." The arrival of this commission to Tiraspol is a result of General Lebed's stern declarations on President Yeltsin's and Russian Military Department's policies concerning the events in Chechnya, reported the Chisinau Radio station. General Aleksandr Lebed told BASAPRESS on phone that he knows about the commission's arrival, but that he is not informed of his dismissal by the commission. Asked what he will do if the information relayed by the Chisinau Radio station turns to be real, General Lebed said: "Let them sack me and you will see what I will do." The 14th Army commander refused to supply any details on his recent meeting with Ernest Muehlemann, Council of Europe rapporteur on Russia, invoking the confidentiality of their dialogue. Asked to comment on Muhlemann's statement that Russia's being accepted into the Council of Europe also depends on the withdrawal of the 14th Army from Moldova, Lebed said: "Many people think that the army's withdrawal depends in the first place on the elaboration of a schedule of the pullout. I cannot make this schedule in six hours. One should keep in mind that 90 percent of the 14th Army's forces consist of local inhabitants. The pullout is not likely to happen until there are guarantees of an international organization regarding the fate of these people and until the region's status is established."

Inspector Denies Dismissal Plan

LD1101093595 Moscow Ostankino Television First Channel Network in Russian 0852 GMT 11 Jan 95

[From the "Novosti" newscast]

[FBIS Translated Text] Deputy Defense Minister Army General Konstantin Kobets, chief inspector of the armed forces, has denied that he is to go to Tiraspol to release army commander Lebed. He said today in an exclusive interview with ITAR-TASS that he will be in charge of a group of five officers who are to fly out to the Dniester region in the next few days. However, this is a routine

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trip, he said. The president has given me no instructions to remove General Lebed from his post, Kobets said.

Media Official Yakovlev on Poptsov Dismissal

LD1001174095 Moscow INTERFAX in English 1329 GMT 10 Jan 95

[FBIS Transcribed Text] MOSCOW, Jan 10 (Interfax)—The dismissal of Oleg Poptsov as head of the Russian State Television and Radio Company was not preceded by any consultations with his immediate chief, Federal Television and Radio Service Chairman Aleksandr Yakovlev, a Yakovlev aide said.

The news that Poptsov had lost his job was first given Friday by Human Rights Commissioner Sergey Kovalev at a news conference following a meeting Kovalev had the same day with President Boris Yeltsin.

The aide told Interfax Tuesday that Yakovlev had had no meetings on the matter with either Yeltsin or Poptsov and that he had learned about Poptsov's firing from the media.

The aide said Yakovlev was too busy to give a personal interview to Interfax.

Further on Dismissal

LD1001223395 Moscow Ostankino Television First Channel Network in Russian 1800 GMT 10 Jan 95

[Passages within quotation marks recorded; from the "Vremya" newscast]

[FBIS Translated Text] Today we received a report that the inter-regional coordinating council of the trade union of TV workers regards the plan for the reorganization of the All-Russian State Television and Radio Broadcasting Company [VGTRK] as impermissible, with the subsequent reduction of a large number of Russian Television journalists and the removal of Oleg Poptsov from the post of head of the company. Many Russian TV and radio staff do not rule out the possibility of a strike if a decree to that effect is signed. The trade union sent an appeal to Russia's president requesting him to refrain from a rash decision.

[Correspondent Murtazin] Poptsov's news conference took place in Moscow today. Journalists' interest in the future destiny of the Russian Television and Radio Broadcasting Company was so great that the conference room was barely able to accommodate all those wishing to attend. However, the VGTRK chairman preferred to talk not about his resignation, which has simply not been confirmed on paper, but about the reasons that gave rise to the decree, which was simply not published. Poptsov believes that from the moment it was founded Russian Television has remained true to the proclaimed principles of open policy that had aroused the dissatisfaction of a certain part of the current power structures.

[Poptsov] "Power is organized in such a way—this is our bolshevism—that it must know what we need to watch, what we need to listen to, what we need to read, and what we need to see. It is very difficult. That is a habit that is very difficult to lose."

[Murtazin] As a counterbalance to this trend of dominating participation by the presidential entourage and government, Poptsov believes that:

[Poptsov] "State television does not mean television belonging to the authorities, but means television belonging to society. It is the task of the state company to present a range of viewpoints and force society to look at processes from different viewpoints and force the authorities to look at these viewpoints as in a mirror and draw conclusions from them."

[Murtazin] Poptsov regarded the reproaches made against his company for its coverage of the Chechen events as absurd. While in no way justifying Dudayev's regime, the Russian Television and Radio Company nevertheless believes it necessary to give all points of view on this problem. In doing this it is not the decisions of the country's supreme leadership that are condemned but the forms and methods of their implementation.

[Poptsov] "If this is a police operation, resolve it by means of police forces and prove your professionalism. Do not torment your people! That is what it is all about."

[Murtazin] In an appeal to Boris Yeltsin, the VGTRK workforce called on the president to take account of the workforce of the Russian Television and Radio Broadcasting Company and not to remove Oleg Poptsov from the post he holds. [video shows letter to Yeltsin signed by Chairman of the conference V.N. Mushtayev and secretary of the conference A. Yu. Nekhoroshev]

Journalists Demand End to Mistreatment

LD1001195095 Moscow INTERFAX in English 1638 GMT 10 Jan 95

[FBIS Transcribed Text] MOSCOW, Jan 10 (Interfax)—The International Confederation of Journalists' Unions has demanded that the Russian Government put an end to "the campaign of victimizing representatives of the media working in Chechnya, eliminating material collected by them, beating and intimidating them."

The confederation circulated a statement in Moscow today saying it was concerned about the position of the Russian power towards journalists "who are only carrying out their professional duty in Chechnya."

The confederation said that 83 journalists had been victimized in Chechnya during the last month, two of them were killed, four wounded and three beaten.

"What happens in Chechnya is a tragedy and both the people and the power must know the truth about it," the International Confederation of Journalists' Unions said.

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Aid Deliveries Continue to Chechnya

LD1001192795 Moscow ITAR-TASS in English 1736 GMT 10 Jan 95

[FBIS Transcribed Text] Moscow January 10 TASS—A task force of the Russian Ministry for Emergency Situations keeps on delivering humanitarian aid to Chechen civilians and refugees who have concentrated in Ingushetian and Dagestani districts bordering on Chechnya.

Since the beginning of the operation, the ministry has delivered some 800 tonnes of flour, rice, wheat, sugar, tinned meat and fish, baby foods, soap and medical supplies to Nazran, Kislyar, Khasavyurt, Kaspiysk, Znamenskoye, Ishcherskaya, Ken-Yurt, and Tolstoy-Yurt, press service of the ministry's task force in Mozdok told ITAR-TASS on Tuesday.

The ministry delivered to Tolstoy-Yurt 71 tonnes of foodstuffs on January 8 and handed them over to the local commission for distribution of humanitarian aid. Altogether, 164 tonnes of foodstuffs were brought over to Tolstoy-Yurt since the beginning of the operation, another 230 tonnes of humanitarian supplies were delivered to Kizlyar (Dagestan).

At present, unloading operations are under way at the Mozdok railway station, where 12 carriages of humanitarian supplies have arrived.

According to the press service, 28 wounded persons underwent medical treatment at the polyfunctional hospital in Mozdok over a period of January 5 to 9.

Since September 18, 1994, over 150 Chechen civilians were operated on at the hospital, some 1,600 outpatients received medical treatment there.

Kozyrev on Assurance of Human Rights

LD1101114195 Moscow Russian Television Network in Russian 1100 GMT 11 Jan 95

[From the "Vesti" newscast]

[FBIS Translated Text] The Russian authorities are to ensure that human rights are fully observed in Chechnya, Russia's Foreign Minister Andrey Kozyrev said today at a meeting with OSCE representative Hungarian envoy Istvan Gyarmati. Kozyrev said that the restoration of the constitutional order in Chechnya was Russia's internal affair. The envoy said that the OSCE might sent its representatives to the region on a fact-finding mission.

Deputy Accuses Kovalev of 'One-Sidedness'

LD1101130095 Moscow ITAR-TASS in English 1211 GMT 11 Jan 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow January 11 TASS—State Duma Deputy Yuriy Rodyonov accused his colleague, russia's human rights commissioner of sticking to a one-sided approach to human rights. "Sergey Kovalev, who is the Russian Federation's human rights commissioner, is in fact defending Dhokhar Dudayev and his supporters," Rodyonov said in his address to the lower house of the Russian parliament during today's discussion of the Chechen problem.

Yuriy Rodyonov only just returned from Chechnya where he was as a member of the provisional observer commission formed by the Russian president to supervise the observance of constitutional rights and freedoms of citizens there.

Rodyonov cited facts of ruthless treatment and humiliation of federal soldiers and Russian speakers in Chechnya by Dudayev militants and mercenaries. He said children and their teacher were violated in a boarding house in Chechnya.

Rodyonov said the constitutional rights of citizens were regularly violated in the Chechen republic. When federal forces took over houses, they often found their inhabitants dead as a result of torture and violent actions by militants. Russian soldiers taken prisoner are often killed on the way to prisoner camps. According to eyewitnesses, militants stopped civilians seeking to escape from fire and took them to the blocks where their military equipment was located and thus placing them where they could be hit by airstrikes and artillery shells.

On behalf of federal troops with whom he talked in Chechnya, Yuriy Rodyonov expressed indignation at the inaction of the state bodies in the Chechen republic. He said the law enforcement system simply did not exist in Chechnya.

Yabloko Supports Russia's Choice Chechnya Bills

LD1001172695 Moscow ITAR-TASS in English 1412 GMT 10 Jan 95

[By ITAR-TASS correspondent lyudmila Alexandrova]

[FBIS Transcribed Text] Moscow January 10 TASS—Duma democratic factions are planning to act in unison in discussion of Chechen bills on January 11 despite certain differences. A meeting of the Yabloko faction decided today to support bills of the Choice of Russia faction with some reservations.

This primarily concerns the draft law that bans combat operations on the part of Russian Army units without the introduced state of emergency and the constitutional draft law to expand controlling powers of the parliament, deputy Yabloko faction chairman Igor Lukashev told ITAR-TASS.

In his opinion, the constitutional bill may be adopted, at least in its part concerning the creation of parliament commissions, despite the fact its adoption will require

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two thirds of votes. The bill on non-use of the armed forces in peace time may be adopted as well, believes the deputy. He said that this bill can be adopted by the mere majority of votes.

At the same time, neither the Yabloko faction nor the public movement of Grigoriy Yavlinksiy did not participate in today's "action of protest against Russian military operations in Chechnya" organized by the Democratic Choice of Russia party.

Duma Communists Exclude New Justice Minister

LD1001172395 Moscow Radiostantsiya Ekho Moskvy in Russian 1300 GMT 10 Jan 95

[FBIS Translated Text] The faction of the Communist Party of Russia in the State Duma today decided to exclude Valentin Kovalev, deputy chairman of the State Duma, from the faction. Central executive committee chairman Gennadiy Zyuganov said that Kovalev had failed to discuss his appointment to the post of justice minister with his colleagues in the faction.

Yakubovskiy's Lawyer Cites Rights Violations

LD1001174495 Moscow INTERFAX in English 1329 GMT 10 Jan 95

[FBIS Transcribed Text] MOSCOW, Jan 10 (Interfax)—Genrikh Padva, the lawyer of Dmitriy Yakubovskiy, a noted legal expert detained in Moscow on December 20 last year by St. Petersburg's law enforcement officers, is convinced that his client's human rights have been crudely violated.

Yakubovskiy was detained on suspicion of complicity in the theft of ancient manuscripts from St. Petersburg's National Library. The term of his detention has been extended for up to 30 days in accordance with the presidential decree on combatting organized crime.

As Padva told newsmen in Moscow Tuesday, the extension of Yakubovskiy's term in custody is arbitrary since according to the presidential decree such a term is only declared when a detainee has been in contact with an organized criminal group. "There is no evidence of such contact and cannot be—a group does not exist", Padva argued. Nonetheless, he noted, Yakubovskiy has up till now been in custody without a charge, which testifies to the glaring violation of his rights.

"Apparently, with the background of tragic events in Chechnya, infringing on the rights of one person does not look serious enough. However, it is an indicator of the overall situation in the country," Padva remarked.

Another participant in the news conference Andrey Karaulov, the presenter of the Moment Istiny (Moment of Truth" TV program [quotation mark as received]), believes that the case against Yakubovskiy "has assumed an explicit political coloring." As a result of his personal inquiry, Karaulov found out that "the investigators handling this affair have forgotten the initial reason for detention and have the arrogance to put to the suspect questions about the activities of Vladimir Pankratov, the Moscow police chief". "We are on the brink of a Stalin-like regime today", Karaulov said.

Economic Issues

State Duma Considers 1995 Budget Draft

LD1001191295 Moscow INTERFAX in English 1850 GMT 10 Jan 95

[FBIS Transcribed Text] Moscow Jan 10 (INTERFAX)—The State Duma has received the government's amendments to the 1995 federal draft budget.

The government's latest proposals set budgetary revenue at 160,321.1 billion rubles and spending at 231,965.9 billion. The deficit stands at 71,644.8 billion rubles, or 30.8 percent of budgetary spending.

Federal budget revenue is up 16,122.4 billion rubles as compared with the previous draft. The Finance Ministry says in a memorandum this is a result of an adjusted exchange rate difference in foreign economic activity (12,000.1 billion rubles), a rise in the average import duty from 5.6 percent to 7.5 percent (1,808.0 billion rubles), as well as the fact that the State Duma has turned down a number of proposals for changing tax legislation included in the previous draft. The budget's revenue was also influenced by adjusted duties on oil and gas exports.

According to the Finance Ministry's memo federal budget spending was up primarily due to the adjustment of the exchange rate difference in foreign economic activity, including the servicing of the foreign debt (12,001.1 billion rubles) and greater social payments following the scheduled rise of the minimum wage to 34.4 thousand rubles a month (4,073.4 billion rubles) as of March 1 1995.

As a result the federal budget deficit was reduced by 431.3 billion rubles and its share in the GDP was down to seven percent.

The deficit is going to be compensated for by internal financing (30.6 trillion rubles) and external financing (41.0 trillion rubles). The limit of external borrowings is set at 12.3 billion U.S. dollars.

Devaluation of Ruble Seen 'Inevitable'

MK1001165395 Moscow NEZAVISIMAYA GAZETA in Russian 10 Jan 95 pp 1, 2

[Report by Ivan Zasurskiy and Viktor Kuzmin under the "Currency" rubric: "A Devaluation Is Inevitable"]

[FBIS Translated Text] Although at the Moscow Interbank Currency Exchange [MICE] the dollar's exchange rate is rising only slightly, on the cash market a dollar can already be sold for 4,000 rubles, that is, 400 rubles more than in the first week of January! Banks have an opportunity to sell hard currency at a price considerably

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exceeding that of the currency exchange. Given that the Russian currency market is comparable with the commodities market in terms of trading volumes and that inflationary expectations have boosted the public demand for dollars, the surging demand for hard currency at the MICE, some observers believe, could by itself trigger yet another speculative spree at the MICE, comparable to that of last October.

The complexity of the situation has been illustrated by the considerable hard currency expenses incurred by the Central Bank to stop the ruble's fall. On 4 and 5 January alone the Central Bank's interventions at MICE trading sessions amounted to over $140 million; the major part of that sum—$110 million—was spent on Thursday [5 January].

Measures taken by the government to reign in the dollar's soaring exchange rate include increasing the annual refinancing rate from 180 to 200 percent, which, according to a number of experts, would make it possible to deflect some assets from the currency market. In addition, the 27th issue of three-month treasury bonds, with a face value of 1 trillion rubles, was floated on 5 January.

It is also necessary to note that if a critical situation comes about at the Moscow Currency Exchange, limits might well be imposed on the volume of exchange operations by each bank participating in MICE trading sessions, depending on the size of its authorized capital.

It is evident, however, that no technical measures could fix the situation, because they would be targeting the disease's symptoms, not its causes. The causes are numerous, and they are all evident: a political crisis, a clearly discernible shift in the president's and the administration's policies, obvious adventurism in the budget (moreover, precisely the type of reckless adventurism that is doomed to failure), and also the continuing and unmanageable worsening of the economic situation.

If Russian authorities choose seriously to deal with the symptoms and try to keep up the exchange rate for the sake of national greatness, a black market is bound to revive in this country. All kinds of minor but significant problems with imports would crop up, which would soon put an end to such efforts.

A devaluation is inevitable.

It is too soon to predict its scope, but the situation with the budget and credits proves that the rise of the dollar might well overtake the inflation rate. However, the consequences of such a devaluation would no longer create incentives for the light and science-intensive industries which would be strong enough for the present situation, nor would they be likely to boost economic growth, because the raw-material-based nature of our economy can already be considered to be an accomplished fact. On the other hand, a devaluation of the national currency in real terms would at least to some extent help to alleviate tensions in the provinces and to calm the agrarians and industrialists. Foreign investors would also benefit, if they were seriously taking part in the second stage of privatization, but Russia is too unattractive from the international capital market's point of view for anyone to appreciate these exchange rate benefits.

Bank Official on 'Uneasy' Foreign Exchanges

MM1101122795 Moscow IZVESTIYA in Russian 11 Jan 95 p 1

[Report by Ivan Zhagel: "More Waiting Lines for Foreign Currency. And This Is Dangerous For Entire Economy"]

[FBIS Translated Text] The first trading session on the foreign exchanges following the Christmas holidays was relatively quiet and ended with the following closing prices—the ruble fell from 3,667 rubles [R] to R3,705 against the dollar, and foreign currency supply and demand was $163.37 and $100.25 million respectively.

It is not hard to note that the daily fall in the ruble in January has grown sharply and is roughly two-three times greater than the same indicator in December last year. The foreign exchanges are clearly uneasy—and this is seen most vividly in the sphere of cash transactions. At the overwhelming majority of exchange centers the dollar is being offered at R4,000, but even so, every morning lines form up—something we have not seen for a long time.

But, as Aleksandr Potemkin, director of the Central Bank of Russia's Foreign Operations Department, said in an interview with IZVESTIYA, this situation came as no surprise to them. The Central Bank had prepared for January as a traditionally difficult period in the sphere of foreign currency regulation. Wherein does this difficulty lie?

In Potemkin's opinion, the situation is affected by both objective factors and subjective factors specific to our country. The objective factors include the fact that January sees a drop in production in many countries—due to the smaller number of working days and the decline of seasonal sectors. And for a period there is an excess in the money supply, which services transactions in the economy.

In Russia all this is supplemented by traditionally large payments on the eve of the new year. People on average earn two-three times more than their usual monthly wage. This money starts to exert pressure on the foreign exchanges, all the more so as for several years running there have been political events in December-January which have provoked a speculative flurry of foreign currency purchases.

Thus, whereas last year there were major personnel changes in the government during this period—because of the departure of Ye. Gaydar and B. Fedorov—the

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political situation has now deteriorated considerably in connection with Chechnya. The fact that these things happened at the same time of the year may be coincidental, but people and even professional dealers are developing a kind of stereotype—that January is a time when the ruble rate traditionally falls.

What has the Central Bank done to prevent the situation on the foreign exchanges deteriorating? Potemkin noted that one of the main measures was to ease the pressure in advance. Before the new year the Central Bank devalued the ruble at a faster rate than usual, creating a certain bridgehead for itself and siphoning off surplus rubles. Whereas in December 1993 the ruble fell approximately 3 percent, in December 1994 this indicator was around 10 percent.

One other exceptionally important measure is that as of 6 January the Central Bank has raised the refinancing rate from 180 to 200 percent per annum. In other words, the commercial banks will now have to pay a far higher price for centralized credits, which will restrict their financial resources and their ability to speculate on the foreign exchanges. It should be noted that this time the increase in the refinancing rate was carried out by the Central Bank before rather than after the situation had deteriorated—as was the case during the "Black Tuesday" period.

All these measures will, Potemkin believes, make it possible to prevent crisis phenomena. Although he admitted that the pressure on the foreign exchanges is now very high, the process is controllable and the Central Bank's foreign reserves—including those replenished in December—are pretty substantial.

Incidentally, any instability on the money markets gives rise to a lot of other rumors. Currently, for instance, people have started talking about a possible revaluation of the ruble—in other words, the replacement of our current money with bigger denominations. But all the Central Bank specialists responded in the negative—this measure has not yet been prepared and is not even being planned. At any rate, this is currently an exceptionally bad time for a revaluation. But the director of the Foreign Operations Department added that all the most important steps in the finance sphere are now being coordinated by Russia with international organizations, and an exchange of rubles could deprive us of all our foreign loans.

Nuclear Issues

Leakage Detected on Waste Container

LD1101061495 Moscow ITAR-TASS World Service in Russian 0109 GMT 11 Jan 95

[FBIS Translated Text] Khabarovsk, 11 Jan—Gamma radiation more than 1,000 times over the acceptable limit was registered on the surface of one of the containers filled with radioactive waste due for burial, which was delivered to Khabarovsk a few days ago from the Nikolayevsk-na-Amure shipyard. After taking the measurements, experts from the State Nuclear Inspectorate, the Khabarovsk Kray State Epidemiological Inspectorate, and the Civil Defense Headquarters moved to a special mode of operation. It was necessary to identify urgently everyone who came into contact with the radioactive container during its transportation. A thorough medical check-up was conducted on 34 people, including drivers, pilots and dockers. Fortunately, The medical services found no change their health and blood composition.

The container itself is now at a burial site at the Radon combine near Khabarovsk. Experts are yet to decide how to ensure complete safety in the permanent storage of the radioactive waste in the damaged packaging.

Federal Assembly

Deputies 'Split' During Chechen Debate

LD1101095895 Moscow Mayak Radio Network in Russian 0900 GMT 11 Jan 95

[Correspondent Aleksandr Ruvinskiy report]

[FBIS Translated Text] First, I will tell our listeners about how the State Duma session, which has been called an extraordinary one, got under way today. Well, we all know that the question of Chechnya was supposed to be put on its agenda. But at the start of the session Zhirinovskiy proposed that the agenda be called something else: on strengthening Russia's statehood. A fair number of deputies voted for this, but the proposal didn't get through. Just, incidentally, as several other proposals which were submitted at today's morning session failed. In fact, it took nearly two hours to get through the agenda, and these two hours in no way resembled a proper parliamentary session because there were a few nonparliamentary expressions going round the hall. It all ended with one deputy being deprived of the right to vote in today's session of parliament. There was some heckling of the chair and of Sergey Kovalev, the deputy who is now in Chechnya.

At the beginning the deputies did not vote to examine today four draft laws which would help to end the hostilities in Chechnya. However, again and again they returned to this subject, and in the end the draft laws remained on the agenda, but before that it was decided to listen to reports from deputies and from various government bodies on what is now happening in Chechnya.

Well, one gets the impression from this morning session that the deputies are unlikely to adopt any constructive decisions today because they are split and, as a rule, no more than 140-150 deputies are voting for each proposal, which is not enough for any decision to be adopted. Anyway, the session has started.

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State Duma Adopts Agenda for Chechen Debate

LD1101110495 Moscow ITAR-TASS in English 1055 GMT 11 Jan 95

[By ITAR-TASS parliamentary correspondents Pavel Kuznetsov and Ivan Novikov]

[FBIS Transcribed Text] Moscow January 11 TASS—Russia's State Duma, the lower house of the federal parliament, has approved an agenda for its extraordinary meeting called to discuss the situation in the Chechen Republic and measures to pull it out of the crisis.

In keeping with the agenda, the house will hear reports of representatives of the Russian government and the provisional observer commission, as well as of the human rights commissioner.

The Duma will also review its own activity in connection with the situation in the Chechen Republic and some legislative initiatives relating to it.

A number of lawbills has been proposed for consideration, including on the prohibition of combat activities of the armed forces of the Russian Federation on the territory of Russia, on changes to the law "on defence", a new federal law "on the publication of lists of servicemen who were killed, wounded or went missing in the course of doing their military service", and a new federal law on changes to the existing law "on financing state spending from the federal budget in the first quarter of 1995".

The Duma is expected to adopt a resolution concerning the situation in the Chechen Republic and form a parliamentary commission to look into the circumstances which led to the crisis in Chechnya.

The agenda also includes an item concerning the preservation and strengthening of the Russian state which will be considered in light of the Chechen events.

The State Duma refused to support a proposal to proclaim January 13 a day of mourning for those who fell in chechnya. The proposal came from Nikolay Stolyarov.

The house declined putting on the agenda a proposal to denounce the resolution of the Supreme Soviet of the Russian Federation dated December 6, 1990, which ratified the agreement abolishing the former Soviet Union. That proposal was put forth by communist Kazbek Tsiku.

The house also declined Sergey Shakhray's proposal to consider a draft federal law, prepared by the pres faction, on the political settlement of the Chechen crisis.

Twenty-nine deputies voted in favour of discussing the proposed self-dissolution of the State Duma as proposed by Vadim Bulavinov.

The house observed a minute of silence in commemoration of those who was killed in the Chechen Republic.

Letter Urges Early Elections To Resolve Crisis

LD1101090095 Moscow ITAR-TASS in English 0816 GMT 11 Jan 95

[By ITAR-TASS parliamentary correspondent Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow January 11 TASS—"A deep crisis which is affecting the system of power and state in Russia has put the country on the verge of collapse," says an open letter circulated in the State Duma today.

"Only early presidential and parliamentary elections can liquidate the crisis of power and diminish social tension in the country," the letter says.

Signed by number of members of the Liberal-Democratic Union "12 December" led by Boris Fedorov and addressed to President Boris Yeltsin, the letter stresses: "The undoubtedly necessary actions aiming to restore law and order have flopped from the political, military and propaganda viewpoints".

Since the president, the government and the Federal Assembly have to take the responsibility, the group declares that the early elections are the only way to atone for the failure.

Deputies Inflict 'Serious Defeat' on Gaydar Faction

LD1101101595 Moscow ITAR-TASS in English 0955 GMT 11 Jan 95

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[FBIS Transcribed Text] Moscow January 11 TASS—The State Duma, the lower house of the Russian federal legislature, has turned down the agenda proposed by the Russia's Choice faction for its extraordinary session, even though the proposal had been approved by the Duma Council earlier.

Paradoxically, the Duma voted in favour of the agenda proposed by the group "New Regional Policy" which included most of the items listed in the rejected agenda.

Sources in the parliament regard this as a serious defeat of Yegor Gaydar's faction in the parliament.

Regional Affairs

Gaydar Defends Korzhakov's Role in Chechnya

MK1101104495 Moscow KOMMERSANT-DAILY in Russian 11 Jan 95 p 3

[Report by Natalya Arkhangelskaya: " 'Russia's Choice' Political Council Sitting. Gaydar Tries To Defend Gen. Korzhakov"]

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[FBIS Translated Text] Yesterday [10 January], the Political Council of the "Democratic Choice of Russia" party, led by Yegor Gaydar, was in session. Under discussion were draft laws the party faction is proposing for today's Duma sitting, which would limit the executive branch's ability to use the armed forces on its own. The draft laws per se caused no controversy among Political Council members, and the discussion veered toward the party's internal affairs and the political situation. During the discussion, Yegor Gaydar said that in his opinion, General Korzhakov, who has been demonized by the press, had been in fact trying to hold the president back from the Chechen war.

Gaydar and those who share his opinions complained that their political initiatives aimed at resolving the conflict through talks are little known, not only to the provincial public but also to the public in the capital. Propaganda efforts by the party apparatus, even when such efforts have been made, have not yielded any appreciable results, since the above package of documents simply did not reach the regions despite the directives issued. Party agitprop has proved just as weak in rebutting those who blame the former acting premier for supplying arms to the Dudayev regime. To set the record straight, Gaydar intends to personally explain, in today's "Podrobnosti" television program, Gen. Grachev's role in giving weapons to Dudayev.

But since the leader of the party cannot be a substitute for its whole propaganda machinery, the Political Council members described the performance of this machinery as very feeble. They agreed that the party executive committee, headed by Oleg Boyko, the head of the "OLBI" financial group, is to blame. One of the speakers stressed that the executive committee is split today between two unequal parts. The immeasurably more powerful and highly paid part is mainly business interests, which are finding their way into the regions with the help of the party's political structures. Only a small number of executive committee members concern themselves with organizational development of the party; organizational and propaganda work is being performed by enthusiasts virtually voluntarily, without any office equipment or pay. It was decided, in connection with the collapse of organizational work, to convene in the near future a special sitting to discuss the executive committee's performance.

Gaydar's supporters noted that they are now paying for the fact that they openly invited a leading banker to sit on the party's leading bodies. Although all the parties are on the banks' payroll, "Russia's Choice" has been singled out for criticism. In addition, it is also hard now to conceal ideological differences between party leaders and sponsors who gravitate to the executive branch (for example, Gaydar's and Boyko's assessments of the start of the Chechen campaign contradict each other). The weakness of propaganda is supposedly explained by more than the apparatchiks' predilection for commerce. The problem is that Boyko, who has useful contacts with the government, is not at all interested in seeing "Democratic Choice's" political initiatives to curb the executive branch implemented, because they would most probably affect the less protected Chernomyrdin rather than presidential structures.

Gaydar, however, was also cautious at times. For example, he called on his hot-headed colleagues "not to brandish the sword too recklessly" and, in particular, not to demand Gen. Korzhakov's resignation, although the public sees him as virtually the head of the "party of war." Exploding myths and superstitions, Gaydar advised that, as far as he knew, on the eve of the Chechen campaign Korzhakov did everything he could to restrain the president, and that the general was not to blame for the fact that the president went ahead regardless.

Dudayev Appears in Public for 'First Time in a Month'

NC1101134395 Paris AFP in English 1333 GMT 11 Jan 95

[FBIS Transcribed Text] Groznyy, Russia, Jan 11 (AFP)—Chechnya's President Dzhokhar Dudayev on Wednesday appeared in public for the first time in a month at a press conference in a health centre outside the capital of the breakaway Russian republic.

Dudayev, smiling and in good health, gave the press conference after heading a meeting of the Chechen government, AFP correspondents on the scene said.

Government Press Service on 'Tense' Situation in Chechnya

LD1101132595 Moscow ITAR-TASS in English 1242 GMT 11 Jan 95

[FBIS Transcribed Text] Moscow January 11 ITAR-TASS—ITAR-TASS has received the following statement from the press service of the government of the Russian Federation:

"The situation in the Chechen republic and in its capital remained tense in the past 24 hours.

"The unlawful armed formations are controlling the districts of Katayama, Baranovka and Oktyabrskiy, as well as the 36th district of the city of Groznyy.

"Dudayev's combat groups continue their stubborn resistance in Groznyy. Sharp shooters and separate mobile groups of militants are active, disguised as local inhabitants or Russian soldiers. However, according to observers, there is practically no single command of the unlawful armed formations in Groznyy at present.

"Federal troops have occupied a number of houses located in immediate proximity to the building of the council of ministers and presidential palace (in the area of Ordzhonikidze Avenue and the streets Rosa Luxemburg, Sovetskaya, and Chicherina). Fighting continued

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for the building of the state security agency. Federal troops actively protected the railway station and depot.

"The troops of the Interior Ministry are guarding the administrative border of the Chechen republic, and conduct armed operations aimed at locating gangs, disarming and liquidating them in the residential areas of Chervlennaya, Nikolayevskaya, Isherskaya, Assinovskaya, Novy Sharoi and others. They drive militants from the residential blocks in Groznyy, disarm and liquidate them. [as received]

"The federal troops continue to take measures aiming to find and free servicemen taken prisoner by the militants. For this purpose they have established, with the participation of the government of national revival of the Chechen republic, contacts with the field commanders of the Shali group of militants, who are reportedly holding some 30 Russian soldiers. Three prisoners have been freed, and negotiations continue on the release of the rest".

Official Denies Troops Tried To Kill Rights Commissioner

LD1101132395 Moscow Radio Rossii Network in Russian 1200 GMT 11 Jan 95

[FBIS Translated Text] Vladimir Yanchenkov, head of the press center of the interim administration in the area of the Ossetia- Ingush conflict, today denied that an alleged attempt was made on the life of human rights commissioner Sergey Kovalev, referring to a statement by Ingush Vice President Boris Agapov.

According to Agapov, Kovalev's car was fired on en route from Nazran to Groznyy on Tuesday [10 January] by Russian servicemen and was hit in many places. However, neither Kovalev nor those travelling with him were hurt.

A high-ranking spokesman for Russia's Federal Counterintelligence Service today categorically denied this to a RIA correspondent, noting that if an attempt had been made on Kovalev's life the whole world would have known of it yesterday.

Deputy: Official Figures Understate Russian Death Toll

LD1101131795 Moscow Radio Rossii Network in Russian 1200 GMT 11 Jan 95

[FBIS Translated Text] Official figures for the number of Russian servicemen killed in Chechnya are considerably understated, according to Ayvraz Lezdinsh, a deputy in the State Duma [representing Kamchatka] who returned from Groznyy on 10 January.

At a news conference in Moscow today he said that in three districts of Groznyy alone he had counted 160 dead Russian soldiers over the past day or two. According to him, no fewer than 1,500 servicemen have died in all during the conflict.

Volga Regiment's Losses Seen 'Exaggerated'

MM1101092395 Moscow KRASNAYA ZVEZDA in Russian 11 Jan 95 p 1

[Report by Aleksandr Bugay and Oleg Bedula: "About the 81st Motorized Rifle Regiment: Reliable Information, With No Sensations"]

[FBIS Translated Text] Lieutenant General Vladimir Popov, first deputy commander of the Volga Military District, who has returned from the area of combat operations in Chechnya, held a press conference 10 January at district headquarters.

A group of district officers have visited Mozdok and the base of the 81st Guards Motorized Rifle Regiment, which was conducting combat operations around the railroad station and the presidential palace in Groznyy. It was stated at the press conference that reports of the regiment's losses have been considerably exaggerated. To date it is known that 16 drafted servicemen and six of the regiment's officers have died in the combat operations in Groznyy. However there is still no data regarding the whereabouts of 126 servicemen. And quite recently 337 regimental servicemen were listed as missing.

But it turned out that many guardsmen were at this time conducting combat operations away from the regiment's main forces, having lost contact with their commander. With the liberation of Groznyy these groups of servicemen, which are conducting combat operations in the city autonomously, have begun rejoining the regiment's main forces.

As for the injured, the numbers stands at 113 draftees to date and 22 officers. They have all been evacuated and are in hospitals in the North Caucasus, Moscow, and Volga Military Districts.

A temporary information center has been set up in the district's Officers Mess (Samara), which is gathering all the data regarding Volga Military District servicemen in the area of combat operations in Chechnya. In particular, direct communications have been established with the 81st Motorized Rifle Regiment. We will give you the telephone number to contact the district temporary information center—(8462) 33-47-41.

Lt. Gen. Vladimir Popov stressed particularly the importance of ensuring that the information printed and carried by the mass media is reliable and well-considered. Thus, information has been published on several occasions regarding the death from his injuries of Colonel Aleksandr Yaroslavtsev, commander of the 81st Regiment. In actual fact the regiment's commander is alive and is expected to arrive in Samara in a few days. Do we have to explain what the officer's wife has gone through?

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Memorial Society Notes Chechnya Deaths

LD1101055095 Moscow 2x2 Television in Russian 0500 GMT 11 Jan 95

[FBIS Translated Text] The Ingush branch of the Memorial society has issued a statement in Nazran, which claims that 3,000 civilians and more than 8,000 Russian servicemen have been killed in Chechnya since 11 December.

Grachev Arrives in Mozdok

LD1101132295 Moscow Radiostantsiya Ekho Moskvy in Russian 1300 GMT 11 Jan 95

[FBIS Translated Text] INTERFAX report that Russian Defense Minister Pavel Grachev arrived in Mozdok today. It is expected that he will visit the troops there and have meetings with unit commanders.

Supervision Commission Head on Restoring Order in Chechnya

LD1101131195 Moscow Russian Television Network in Russian 1100 GMT 11 Jan 95

[From the "Vesti" newscast]

[FBIS Translated Text] We have just received a video report by our special correspondent Aleksey Dubnov from Chechnya.

[Dubnov] The provisional supervision commission on the observation of people's constitutional rights and freedoms started to work on the armed conflict in Chechnya today. Its chairman, Justice Minister Valentin Kovalev, told "Vesti" about its aims and tasks.

[Begin recording] [Kovalev] In line with a presidential edict, the provisional supervision commission on the observation of constitutional rights and interests of people in Chechnya will work until the situation in the region completely returns to normal. We arrived here with acting Procurator General Aleksey Nikolayevich Ilyushenko to carry out a number of very specific tasks aimed at restoring the system of law and order bodies in Chechnya. Provisional administration is already operating in five out of 14 Chechen districts, and law enforcement bodies are operating in four districts. Our most important task is to ensure that everything here works normally.

[Unidentified correspondent] Do you regard militants' actions as criminal acts?

[Ilyushenko] Of course. I have already said this many times. Those soldiers who are fulfilling their duty of defending the Constitution in Chechnya are protected by the Constitution and the law. They must carry out their tasks in full. As for those who are in charge of illegal armed formations, who are involved in armed confrontation, they are liable to criminal proceedings. [end recording]

Operation Results in Release of POWs From Chechen Forces

LD1101121195 Moscow INTERFAX in English 1144 GMT 11 Jan 95

[FBIS Transcribed Text] Moscow, Jan 11 (INTERFAX)—Last night an operation of the military counterintelligence in Groznyy resulted in the release of 13 servicemen from the 503rd regiment of the 19th motorized infantry division of the Russian Army captured by militants of Dzhokhar Dudayev. This was reported to Interfax Wednesday [11 January] by the chief of the public relations center of the Federal Counter-Intelligence Service Aleksandr Mikhailov. He said two other captives were released on January 7.

Local Chamber Calls Sending Troops to Chechnya 'Mistake'

WS1101114095 Kaliningrad KALININGRADSKAYA PRAVDA in Russian 4 Jan 95 p 1

[Unattributed report: "Only in a Peaceful Way"]

[FBIS Translated Text] A session of the Public Chamber [Obshchestvennaya palata] of Kaliningrad Oblast has adopted a resolution stating that sending troops by the Defense Ministry of the Russian Federation to the Chechen Republic was a political mistake. The Public Chamber appeals to stop combat activities against civilians, pull out the troops, and, while disarming illegal armed formations, use only special-task units and internal troops. The Public Chamber also considers it inadmissible to send active-duty servicemen, who were drafted in Kaliningrad Oblast, to the Chechen Republic without their voluntary consent.

A similar statement has also been issued by the Public Council [Obschestvennyy sovet] of the city of Svetlogorsk.

Army Commander Does Not Confirm Troops Sent to Chechnya

WS1101120295 Kaliningrad KALININGRADSKAYA PRAVDA in Russian 7 Jan 95 p 1

[FBIS Translated Text] Appeals concerning events taking place in the Chechen Republic are still being sent to the Kaliningrad Oblast Duma.

In this regard, consultations have been held with 11th Army Commander General A. Pimenov. As he told N. Tulayev, chairman of the Permanent Deputy Commission for Issues of Legislation, International Relations, Law, Order, and Security, the army has not received any information confirming press reports on transferring to Chechnya the subunits which were recently sent outside the oblast's limits following an order from Moscow. In response to the Duma representative's request, A. Pimenov promised that interested citizens will be provided with all available information about their relatives. To do that, one can call 22-11-05 in Kaliningrad. A

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similar request will be sent to the Internal Affairs Administration and the Baltic Fleet Command.

Unfortunately, the Duma does not yet know about any reaction from the president and the government to an appeal sent by the deputies, calling for refraining from using military units deployed in Kaliningrad Oblast in the conflict.

800 Elite Omon Policemen Stay in Chechnya

LD1101112095 Moscow ITAR-TASS in English 1108 GMT 11 Jan 95

[By ITAR-TASS correspondent]

[FBIS Transcribed Text] Moscow January 11 TASS—800 elite Omon policemen are currently staying in Chechnya ensuring law and order in settlements freed from Chechen militants, safety of humanitarian convoys, as well as fighting to disarm illegal armed units, the Russian Interior Ministry said.

A press release of the ministry received by TASS indirectly denied media reports that some Omon policemen from the Ural city of Yekaterinburg refused to obey the order to remain in Chechnya after the envisaged period expired.

The "IZVETSIA" daily published an article on Tuesday [10 January] headlined "A Revolt in Yekaterinburg Omon?" which said that policemen from the region actually fled Chechnya after they were ordered to remain there for additional time.

The press release said referring to Yekaterinburg Omon group that "after 30 days of fulfilling the tasks and taking into consideration the tiredness of the personnel the Omon command requested to replace the policemen which was done by the next group of their colleagues".

"The explanation is made in connection with some media reports which distort facts connected with the stay of Omon fighters on the Chechen territory", the press release said.

It added that Omon units undergo a seven-day special training course before departing for Chechnya and that the policemen from Yekaterinburg were engaged in guarding the road linking the Ingushi capital of Nazran with Groznyy.

The policemen worked by shifts "in field conditions, lived in tents and changed each other at their posts every two days", the Interior Ministry said.

Chechnya Fighting Seen To Involve 'Petrodollars'

MM1101091595 Moscow KRASNAYA ZVEZDA in Russian 11 Jan 95 pp 1, 3

[Report by Oleg Falichev: "Army Is Performing Its Assigned Tasks in Chechnya Come What May"]

[FBIS Translated Excerpts] [passage omitted] Today some mass media are reproaching our troops for their unprofessionalism, poor training, and lack of preparation for combat operations. But let us remember what our army's life has been like and on what it has existed for the last few years. How it has been struggling with financial constraints. And how it had nothing to drive or shoot. You will agree that it is at the very least blasphemous to blame a poor man for wearing rags....

"When I commanded a division we would hold 16 regimental exercises a year," Major General [Aleksandr] Dorofeyev recalled. "Whereas now we do not even hold one."

What of exercises! On visiting the front line and speaking to our enlisted men and officers I realized that even in combat conditions their arms and equipment are considerably worse than those of the MVD [Ministry of Internal Affairs] Internal Troops subunits. There they have helmets, portable radio tranceivers, BTR-80's, and state-of-the-art firearms....

But even in these conditions the Army is still carrying out its mission of disarming the Chechen bandit formations, which are equipped with highly varied weapons.

When pondering this you involuntarily come to the conclusion that our leadership took a great deal into account when planning the operation in Chechnya. It evidently thought about a great deal. Except for the fact that it would have to deal not just with Chechnya's large sums of money but with very large sums that would be used for the war.

For a long time the republic, as you know, did not pay federal taxes and pensions and wages were not issued here. We would also remind you of the saga of the fake letters of advice and the drugs business. The military command recently got its hands on a document in which Dudayev's commandant in Nadterechnyy Rayon ordered a plant director to pay 15 million rubles a month for arms procurement. The Russian MVD has now established that even the local militia were obliged to make some payment into the "general melting pot" without receiving their wages. Virtually every section of the railroad was divided up between individual gangs and population centers in order to exact tribute. In a word, the business of extracting money to procure arms was organized on a grand scale.

Nonetheless oil sales brought in the lion's share of the money. It was oil extraction that enabled the Chechen Republic to keep afloat when many sectors of the economy were in a state of disruption. According to some estimates, the republic extracted around 5 percent of all Russia's high-quality oil, which is highly prized on the world market. Many aviation oils and gasoline were also manufactured.

But here is a question: How could Chechnya export oil and petroleum products from Russia so freely

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throughout this period? How did it manage to obtain licenses and quotas and cobble together railroad tankers? Evidently the relevant organs will answer these questions. But it is clear today that it is petrodollars that are now fighting in Chechnya. That is what is being paid to the countless mercenaries and foreign instructors. According to fugitives and prisoners, a mercenary receives $1,000 for killing a Russian enlisted man and $1,500 for an officer. And upwards of $800 for a day's fighting. You will agree that they would not be paying so much for combat with nonprofessionals.

But it is not only Russian soldiers who are coming under fire from petrodollars. They are also attacking with equal ferocity the Chechens themselves, all ordinary people in the republic. We had an interesting meeting with Colonel General of Aviation Vitaliy Pavlov near Groznyy on the Sunzha River where Russian combat engineers are restoring a bridge that was blown up by guerrillas. We landed there in order to check out with other officers how the restoration work is going. At that moment a group of Chechen villagers were crossing from the village of Chyurlyenoye on a pontoon bridge. On coming alongside us they stopped. The discussion started kind of on its own: "Neither we nor our men want to fight," a woman of around 50 called Yaka said. "We did not ask for much from our leadership, to wit pay for our labors and for hospitals and schools to operate. But in vain." An elderly man—Musalatov Baymayekhan—was even more frank. "I am a forester," he said, "and I am no longer afraid of anything. I have worked honestly for 40 years but I have not even earned enough for my old age. I have not even been paid a pension for three years."

It was sad to look at his worn hands and his face covered with gray stubble. And at the women who were traveling to the nearby village not by their usual route but by the roundabout one. What has Chechen sovereignization given these ordinary people? Apart from loss of faith in the future and in justice? Nothing evidently. Are they not the victims of what is happening? Can one help but worry about their future and lives and about the lives of Russian soldiers?

Pacific Marines Volunteer for Chechnya

LD1101082795 Moscow Radio Rossii Network in Russian 0600 GMT 11 Jan 95

[FBIS Translated Text] Our correspondent reports from Vladivostok that, in accordance with a directive from the General Staff, Pacific Fleet marines are to be sent today to the area of Mozdok. The fleet's press center says all the marines going to Chechnya are volunteers.

Federal, Chechen Leaders Meet in Groznyy Palace

LD1001202495 Moscow INTERFAX in English 1910 GMT 10 Jan 95

[FBIS Transcribed Text] GROZNYY, Jan 10 (Interfax)—Russian troops undertook another attempt to move further towards the center of Groznyy from the side of the central market, 500 meters away from the presidential palace, today. The attack was beaten back, an Interfax correspondent reports.

He said the positions of Chechen militants had been only subjected to rare fire from mortars in Groznyy today.

The Interfax correspondent learned in the presidential palace that Chief of the Chechen Armed Forces Main Headquarters Aslan Maskhadov had met with a representative of the command of the federal troops today. The subject of the talks was not made known. The parties are likely to have discussed Russia evacuating bodies of killed Russian servicemen lying in the streets around the presidential palace after the offensive on the center of Groznyy.

Russian troops are still stationed in a radius of up to several hundreds meters to the north and up to 1.5 kilometers to the west of the center of Groznyy.

Chechen Official Notes Refusal To Disarm

LD1001202595 Moscow INTERFAX in English 1910 GMT 10 Jan 95

[FBIS Transcribed Text] Groznyy Jan 10 (INTERFAX)—A spokesman for Chechnya's chief military staff has said that Dzhokhar Dudayev's supporters are not going to lay down their arms. Groznyy insists on the unconditional withdrawal of Russian troops from Chechnya, the official said in an interview on Tuesday.

He was speaking in response to Moscow's decision to declare a 48- hour truce to let the members of illegal armed groups lay down their arms and use the amnesty declared by the State Duma.

The official also said that "Groznyy found unacceptable the ultimatum-like tone of the Russian government's statement."

Chechen Militants Undermine Agreement

LD1001181695 Moscow ITAR-TASS World Service in Russian 1742 GMT 10 Jan 95

[FBIS Translated Text] Moscow, 10 Jan (ITAR-TASS)—The Russian Federation Government press service conveyed the following statement to ITAR-TASS in the evening today:

The press service of the Russian Federation Government, at the request of the Federal troops command on the territory of the Chechen Republic informs the Russian and world public of the following:

The Russian Federation Government's appeal dated 9 January 1995, made at the instruction of the Russian Federation president, has not been met with any kind of positive reaction on the part of the illegal armed formations or Groznyy's leadership.

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On 10 January, federal troop positions in Groznyy are being subjected to shelling from mortars, grenade launchers, and artillery guns since 0800. The militants' snipers and mobile units are active. During the course of the day combat actions by the illegal armed formations became more aggressive. There are losses among the Russian servicemen. The leaders of Groznyy and Chechen field commanders have not made one single attempt to enter negotiations.

Today, after 1000, the federal troops units were forced to return fire, maintaining the principle of adequate response: The artillery salvoes are being reciprocated by artillery fire, the mortar ones—by mortar fire.

Thus, the observance of the conditions outlined in the government appeal of 9 January 1995 is being undermined. It is evident that the leaders of the band formations should bear the full responsibility for this.

The undisputable facts testify to the aggressive and criminal nature of the Groznyy leaders' actions, whatever their motives are.

Groznyy Truce Seen Not To Hold

LD1001204695 Moscow Radiostantsiya Ekho Moskvy in Russian 1900 GMT 10 Jan 95

[FBIS Translated Text] There was no truce in Groznyy today. This judgement can be made from the testimony of eyewitnesses who returned to Ingushetia from the Chechen capital this evening. Machine gun and rifle fire may have been less intense, but it continued. The clearing up of the corpses of Russian soldiers from the streets—which Moscow had announced widely—has not even started. Attempts by the representatives of Groznyy to enter into talks with Russian servicemen did not meet with success. According to reports that have still to be confirmed, two Chechen negotiators, who were carrying a white flag, were killed today. Eyewitnesses testify that the bombing of the outskirts of Groznyy also continued. There are reports that two Chechen villages were bombed: Novyye Atagi and Zvedeno. It is thought here that Russia is preparing a new storm of Groznyy and new forces are being assembled for this. Around 30 armored vehicles passed through Nazran this afternoon together with five fuelling vehicles and 22 Zil lorries carrying ammunition. It would appear that the new storm of the Chechen capital might begin on the morning of 12 January after the official truce period expires.

Grachev Offers 'Proof' of Air Strike Halt

LD1001202795 Moscow INTERFAX in English 1910 GMT 10 Jan 95

[FBIS Transcribed Text] MOSCOW, Jan 10 (Interfax)—Russian Security Council chief Oleg Lobov said Defense Minister Pavel Grachev denied that any air raids had been made on Groznyy since December 23, when President Boris Yeltsin ordered air strikes against Chechnya's capital to be stopped.

Grachev would agree to "independent" verification provided it is done "only by specialists" and only after law and order is restored and the fighting ended in Groznyy, Lobov said on Tuesday.

The minister is ready to offer proof that no air raids had been made on the Chechen capital, "least of all on those districts in Groznyy where there were no commandos or military targets," Lobov told reporters at Interfax headquarters in Moscow.

He said Grachev was sure that "careful and unbiased verification done with state of the art technical devices would prove that he is right."

Bombardment of Chechnya Continues

LD1001233395 Moscow Radiostantsiya Ekho Moskvy in Russian 2300 GMT 10 Jan 95

[FBIS Translated Text] The federal authorities proposed to the Chechen side that from 0800 on 10 January, combat operations should cease. However, firing did not stop in Groznyy today.

The Russian Government has accused the Chechen side of violating the ceasefire. However, our correspondent reports from Nazran that Russian artillery has continued inflicting strikes against Groznyy and the Air Force has bombed Chechen villages.

Chechen Conflict Seen To Expose 'Many Flaws'

MM1001200195 Moscow ROSSIYSKIYE VESTI in Russian 11 Jan 95 pp1-2

[Article by Chief Editor Valeriy Kucher: "Power: Zone of Responsibility"]

[FBIS Translated Text] The Chechen crisis has exposed many flaws in the country's state machine. For too long Boris Yeltsin spared the self-esteem of those whom he removed from high positions for unprofessionalism, unreliability, serious mistakes, and gross miscalculations. He punished failed state officials but did not make a song and dance about it and more often remained silent. The president's restraint and tact was interpreted by those who wish him ill as a manifestation of the weakness and amorphousness of his power (which, incidentally, it is, but for completely different reasons).

But the president's reserve of patience seems to have run out. The Chechen crisis has raised in all its magnitude the question of the responsibility of those currently in power. The popular thesis of a narrow and dangerous entourage around the president invented by the Communists and taken up by Khasbulatov-style ideologists (and still in use) prevents people from fully realizing that the concept of the "presidential entourage" is now much broader than the boundaries designated by a few names of influential officials from Kremlin offices. The presidential entourage also includes, for example, Oleg Soskovets, whose actions have recently come in for criticism in the press. It also includes acting General Prosecutor

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Aleksey Ilyushenko, whose sloth in uncovering the gravest of crimes has recently been raising numerous questions in society. It also includes the person who made personal efforts to ensure that Russia got a form of separation of powers which as yet has done little for the peace of the country and who is forever lurching from one side to the other—Vladimir Shumeyko. And also the presidents of a number of republics, some of whom either dream of becoming president of Russia or, on the country, harbor thoughts of seceding from it. They regard Chechnya as a political trial balloon and are skillfully biding their time to decide where they stand in the tactics and strategy of future actions. According to ROSSIYSKIYE VESTI experts, around 80 former secretaries of CPSU obkoms and gorkoms [oblast and city committees] have remained at the head of local legislative assembles and present their own Soviet interpretation of the state as the opinion of these dumas. Military leaders, a legion of governors, mayors, deputies, journalist colleagues—everyone must answer to society for everything that has been done and said in the country over at least the last month.

But crafty politicians know how to reduce malfunctions in the state machine to a single cause. For example, short-tempered Grigoriy Yavlinskiy demands that the president be called to account. He is being echoed by a few deputies—those who, in Gavriil Popov's apt expression, offered their bodies rather than their heads to solve the highly complex Chechen problem. Like it or not, Yavlinskiy is also finding himself alongside representatives of various branches of the opposition, which also has to bear responsibility for affairs in the state rather than getting away with being endlessly devious in the pursuit of cheap political capital.

It is possible to fully agree with the harsh assessment of Presidential Council member Yuriy Karyakin, who said in so many words that unless the president punishes those to blame for the Chechen crisis he will himself turn out to bear the blame.

Power must be first and foremost a zone of responsibility, not an object of painful rivalries or used as a book of complaints or wishes. Politics and economics, power and money—this is the starting point for the prospects of not just a society but any person. And we here at ROSSIYSKIYE VESTI have our own position, our own approach. We believe that it is not power that spoils people but that already spoiled people pursue power for power's sake and often achieve it. We will encourage politics and power not to be a dirty business but a "clean game"—without the myth-making, inflammatory slogans, shameless self-advertisement, and demagoguery of so-called politicians. The times today demand an analysis of the real weight of all figures in the political arena without exception—including opposition figures—from the viewpoint of their influence on the country and people's fates. The question of responsibility is not a question of a change of regime [vlast]. It is a problem of shifting and even removing failed high-ranking officials, but it is also a question of our trust in those to whom we entrust the right to make sensible use of the enormous possibilities in managing the country and their responsibility to us.

It is indeed necessary to find and identify those who encouraged the diversion of enormous financial resources to Chechnya. No matter that the criminal financial mechanism was not only created here today. It is well known, for example, that some Chechen clans were actively used for the illegal transit of gold and diamonds from eastern regions to the center of the country back in the seventies and eighties. In what enterprises, in what property were these criminal sums used to buy terrifying weapons invested?

The Karelian newspaper SEVERNYY KURYER [Northern Courier] (a sociopolitical publication of that republic) came into my hands recently. Under the headline "Olympus in the Fog" the newspaper claims that "by selling weapons and troops to Dudayev and the opposition" the Russian authorities gave birth to what is now happening in Chechnya. "An absurd but typical picture of the administration of the country," the newspaper concludes. Maybe the sweeping generalization could be left to our colleagues' conscience. But it remains a fact that Chechnya is awash with weapons. But it by no means some abstract federal authority that is to blame for this, as it is popularly acceptable to believe. First and foremost it is specific individuals who bear responsibility for the trade in weapons on Russian territory. It is not difficult to guess who they are. Top members of the Russian corps of generals, of course. In talking about generals we have to bear in mind both Dudayev and his entourage. Previously certain circles of the country's liberal intelligentsia used to admire Dudayev's personal qualities, regarding him as a brilliant tactician capable of consolidating public opinion among his own people by exploiting any mistake in Moscow. For some reason they do not stress his predilection for medieval devices, if only the creation of armed gangs. How in practice could political negotiations have been held (and who could suggest such a thing) with armed and extremist-minded people? Negotiations are always held on an equal footing. But this equality was violated a long time ago—and not in Moscow's favor. But as yet no serious effort has been made to establish General Dudayev's blame for what has happened in Chechnya. Or maybe he bears no blame? Unless this blame is established (by law) Dudayev's image will be immediately canonized by Islamic fundamentalists and this man will become a national hero. And this immediately changes the psychological background.

The Chechen tragedy has led to losses among federal troops. The generals must answer not only for the casualties. This would be scant consolation for those young guys who are soon to be drafted into the Russian Army and their fathers and mothers.

I am talking about the professional training of our soldiers, their ability to behave appropriately to the

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situation. So we should support those who are insisting on a negative assessment of the role of the present-day corps of Russian generals in the military operation in Chechnya and demanding not only the resignation of Defense Minister Pavel Grachev but also immediate and sensible reform of the Army. When the Army crumbles, the state collapses. The Russian Army has been struck tangible moral blows. From the moment that the Army of the Russian state was joined in one of its inalienable parts—Chechnya—by well-armed detachments, it was stabbed in the back. Subsequent actions by the federal troops were made extremely difficult, although there was hardly a possibility of other than military steps to disarm the illegal formations when they persist in their refusal to lay down their arms. While essentially correct, General Lebed's statement that the Army must not fight its own people is, however, merely a fine-sounding phrase from an experienced and strong officer who failed to do everything incumbent on him to prevent the selling off of Army arsenals in the country.

At the tragic denouement of the Chechen crisis Vice Premier Sergey Shakhray is again returning to this problem. For some time he was sidelined from a solution to the highly complex knot of the Chechen drama by the supporters of strong-arm methods. Sergey Shakhray and his sympathizers, as reliable sources report, proposed a peaceful although tough plan for eliminating the hotbed of tension in Chechnya. But the arguments of the supporters of a strong-arm solution to the problem enjoyed greater support at the time.

The ultimate question today is the strengthening of Russian statehood, first and foremost federal power. We live in conditions of chaos and growing extremism. Only a lazy person would not say or stress this. Chechnya is just one manifestation of the total crisis of power. And when the esteemed Yegor Gaydar says that federal troops should not be required to swear a Hannibal-like oath to fight to the victorious end and a political process for settling the conflict should be started, he is right only insofar as he objects to the bloodshed. But Yegor Gaydar seems to be deluding himself when he concludes that the military operation in Chechnya sharply intensifies the possibility of the formation of an authoritarian regime in Russia. As if he does not know that a police state grows out of the depths of chaos and anarchy—which is just possible at this precarious point. And this painfully destructive resurgence of a bureaucratic police state can only be resisted by those leaders who do not allow it to disintegrate and propose an effective model of power, rather than confining themselves to just talking about it. It cannot be weak. People do not want weak power or a police state because they will be the ones who primarily pay the politicians' bills with their own lives. This is why it seems to me that the president was right when he stopped relying on politicians for whom power and democracy are an end in themselves rather than the means to create a stable society.

The bedrock of democracy and thus the state is the people. Their feelings and sentiments should be the point of reference. In the course of difficult arguments the president took the correct step in showing everyone that the state will resolutely oppose a repressive body for bandits. In this sense he received the support of the majority, as our newspaper has already written. However, the casualties and blood among the Russian soldiers and the civilian population of Chechnya as a result of the gross miscalculations of the top Army leadership are as yet preventing people seeing the correctness of the president's statesmanlike will.

We are reaping the fruits of official arbitrariness and protectionism in personnel policy. The situation could explode in any sphere. It is can hardly be acceptable, for example, when people who have not shone at anything come into high state posts. Mr. Polevanov is one example. A geologist by past education, a former governor of Amur Oblast for only a year, and an amateur in the field of privatization, he was suddenly catapulted by some mysterious forces into the chair of the head of Goskomimushchestvo [the State Committee for the Management of State Property]. His very first actions in his new role compel doubts that he is going to pursue his predecessor's line. The second stage of privatization Polevanov-style could be its last. So there is also little change to be seen in the state's personnel policy when there is room for intrigue and double standards, which destroy elementary continuity in state administration.

Society needs both the means and the guarantees to be easily able to distinguish professional and decent holders of power from those who, apart from ambitions for such a role, have neither rights, nor authority, nor—most importantly—statesmanship. Such a false notion of power is inadvertently promoted by journalistic games over the so-called ratings of the most influential politicians, where very often backstage figures show up among virtually the top players. It is not difficult to imagine the country's future if its leaders, God forbid, are chosen on the basis of these ratings scales.

Strange as it may seem, the Chechen tragedy has united opposites. Officials and democrats almost simultaneously started setting the voices of individual citizens against the voice of those in power. Somebody influential and hush-hush in the Kremlin sent a threatening telegram to Sergey Kovalev in Groznyy overtly hinting at the termination of his humanitarian mission. In response the democrats unleashed a storm of activity in

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defense of the human rights activity of their esteemed compatriot. In both cases the stress was placed on demonstrating the diametrically opposed interpretations of the tragedy of a humane person and an anti-humane state.

But everything in real life is not quite like that. Kovalev's voice is the voice of a Russian intellectual with an acute sense of blame for the tragic outcome of the conflict. Since there is a tragedy, there must be the pain of tragedy. But those in power are obliged not only to be guided by stern necessity but also to absorb the pain....

So where's the difference? Surely it just the ability or inability (I do not want to think it is the willingness or reluctance) to hear and listen to one another.

The Chechen drama has also highlighted the subject of the consort who would play king; but I'll talk about that in my next article.

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National Affairs

Kuchma Notes 'Satisfaction' With Georgia Trip

LD1101094195 Kiev Radio Ukraine World Service in Ukrainian 0800 GMT 11 Jan 95

[FBIS Translated Text] I gained enormous satisfaction from my two-day meeting with Eduard Shevardnadze, Georgian head of state. We had an opportunity to agree on all the acute problems that exist today both internally and externally and which are very similar for Ukraine and Georgia. This was how Ukrainian President Leonid Kuchma summed up his two-day visit to that country. In his view, the main thing is that both sides are filled with the decisiveness to implement agreements that were reached on close cooperation in the economic and political spheres and in foreign policy.

Having supported Leonid Kuchma, Georgia's head of state particularly noted the similarity in both countries' positions in deciding priorities and strategies on the further course of their countries' development and pulling them out of the crisis.

Shmarov, Perry Talk Via New Satellite Link

WS1001160695 Kiev KIYEVSKIYE VEDOMOSTI in Russian 6 Jan 95 p 3

[Report by Oleh Buzyna: "At the Presentation of a New Communication Line With Washington, Defense Minister Deemed a Question About Chechnya Inappropriate, But Answered It"]

[FBIS Translated Text] The day before yesterday, Defense Minister Valeriy Shmarov and his U.S. counterpart [Defense Secretary] William Perry, having exchanged communications, officially opened a new line of intergovernmental communication worth $2.4 million. The line is destined to transmit information about the destruction of nuclear weapons, which was envisioned by the START and INF (the liquidation of "short-" and "intermediate-range" missiles) treaties.

The line connects Washington with Kiev through a U.S. satellite. A special service at the U.S. Defense Department receives communications from all countries which are parties to the START and INF treaties. Similar communications exist with Belarus since August 1993 and Kazakhstan since October 1994.

The communication line was established with U.S. funds—even faxes to Washington are paid by the Ukrainian side only for the transmission of a signal within the limits of the city of Kiev. Personally, I am not that happy with this, because this reminds one once again about our weakness. This includes our military weakness. Because of low salaries, the army suffers a huge lack of young officers, while the anti-aircraft defense system only covers 60 percent of the country's territory. The Defense Ministry cannot be blamed for this—it receives all that Ukraine is able to earn for it.

Still, a threat emerges: Will the security guarantees, received by Kiev following the joining of the Nuclear Non-proliferation Treaty, be enough? It is somewhat uncomfortable to realize that you are not able to defend yourself, even though you can read in Valeriy Shmarov's address to the U.S. secretary of defense: "It is my great pleasure to ascertain the possibility of permanent intercourse between Kiev and Washington in connection with the inauguration of the intergovernmental communication line. This is a significant event for the Armed Forces of Ukraine and the United States."

At an impromptu briefing following a test of the line, I asked Valeriy Shmarov: "This is a great event, Mr. Minister, but could you comment about the Ukrainian Defense Ministry's stance on the events occurring in Chechnya?"

He answered in the following way: "First, this question does not refer to the current topic. It can be discussed in another audience. However, I can unequivocally say for both the leadership of our state and the Defense Ministry: Ukraine is not taking any part in this conflict. You know that we refuted that not quite correct—mildly speaking—information, which leaked to the press about the participation of Black Sea Fleet subunits. (Officially, the Black Sea Fleet is under a double subordination to Ukraine and Russia.—O.B. [editorial note by author]). We have checked this information carefully. No soldier or officer in Ukraine's military is participating in this conflict. Provided this can be termed a conflict..."

The minister's wariness even in his formulations is quite explicable. Ukraine is tied to Russia by an umbilical cord of oil and gas pipelines, supplies of nuclear fuel in exchange for dismantled nuclear warheads (according to a remark by the minister, "Russia is supplying nuclear fuel by practically crosshauling batches [vstrechnyye partii]"), and joint projects—an intergovernmental space program, a consortium for the production of a new transport aircraft, An-70, and so on.

But then, at the other end of the communication line—in Washington—they are, for the time being, no less reserved.

Russians Detain Aid Shipment to Chechnya

LD1001205195 Kiev Radio Ukraine World Service in Ukrainian 2000 GMT 10 Jan 95

[FBIS Translated Text] Two railway cars carrying humanitarian assistance, clothes, food and drugs collected for the Chechen people in the Baltic countries, have been detained by Russian authorities at the Ukrainian-Russian border, the press service of Ukrzaliznytsya [Ukrainian Railway] has informed the NOVYNYY television and radio agency.

Government Begins IMF Loan Talks

WS1101102395 Lvov INFOBANK in English 0800 GMT 11 Jan 95

[FBIS Transcribed Text] Aleksander Sundakov, the deputy director of the International Monetary Fund

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Mission in Ukraine, told an INFOBANK correspondent that negotiations between the IMF and the Ukrainian Government have begun. During the course of these negotiations, the parties will discuss the possibility of Ukraine's receiving a stand-by credit. The negotiations will last for 2-4 weeks and, if they are successful, Ukraine will receive nearly $1 billion. According to Sundakov, the estimated interest rate on this stand-by credit is 6-7 percent annually and the payment of the interest will be postponed for 5-7 years. Sundakov also rejected inaccurate information given by some Ukrainian informational agencies which alleged that the head of the Board of the National Bank, Viktor Yushchenko, said that the National Bank of Ukraine had returned a part of the system-transformative loan ($50 million), given by the IMF to Ukraine in October, 1994.

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Belarus

President, Deputies Clash Over Candidate Choice

WS1101110395 Minsk BELAPAN in English 1500 GMT 10 Jan 95

[FBIS Transcribed Text] Appointment to the post of chairman of the Minsk City Executive Committee was the subject of a sitting of the Soviet of People's Deputies of the city of Minsk on 10 January. For election, President of Belarus Alyaksandr Lukashenka nominated the first deputy chairman of the Minsk City Executive Committee for the matters of construction and use of land, Mr. Uladzimir Yermoshin. When presenting the candidate Alyaksandr Lukashenka said that he did not want to appoint Yermoshin by his decree. "I should like to come to an agreement with the deputies of the city soviet and find a compromise settlement on this subject", the president said. In the course of discussion of the candidate many deputies expressed their discontent with the fact that the president had arrived at the sitting with a decree on the appointment of Yermoshin, made in advance though not signed, which runs counter to the legislation currently in force. Deputies also mentioned the inspection which was conducted in the Soviet by the group of Viktar Kuchynski, the president's assistant for special commissions. In Kuchynski's report dated 28 December 1994 it was pointed out that Yermoshin should be relieved of his post. The material on the inspection was submitted to the Prosecutor's Office which is verifying it. The president was also asked for what reason he changed chairmen of the town executive committees. The president didn't answer persuasively. At the same time he informed the soviet that if Hyarasimenka did not run for the Supreme Soviet, he would offer him a job in the government. In his address Uladzimir Yermoshin declared that if two candidatures were put to the vote—his and the present chairman Alyaksandr Hyarasimenka—he, undoubtedly, would reject his nomination in favor of Hyarasimenka. Before the vote the soviet invited the president to present his apologies to the Soviet and Uladzimir Yermoshin for the insulting conclusions of Kuchynski's group. The president ignored the invitation. As a result of the vote Uladzimir Yermoshin was elected chairman of the Minsk-City Executive Committee (121 votes for, 14 against, 24 abstentions).

Prosecutor Investigates Insulting Publication

WS1001155695 Minsk BTK Television Network in Belarusian 1900 GMT 9 Jan 95

[Announcer-read report]

[FBIS Translated Text] The Press Center of the Belarusian Prosecutor's Office has informed that the Prosecutor's Office instituted criminal proceedings in connection with the publication of a poem by Vyadzmak Lysahorski in SVABODA No. 19 [as heard], which infringes upon the conscience and dignity of the president of the Republic of Belarus [poem "Luka Mudzishchaw Is the President" by Vyadzmak Lysahorski was published in SVABODA No. 49 dated 27 December 1994]. The criminal proceedings are based on Article 188 of the Criminal Code of the Republic of Belarus, which pertains to the criminal insult of a representative of authority. An investigation is being conducted into this case.

Deputy Proposes Appeal Over Print Ban

WS1101105895 Minsk BELAPAN in English 1700 GMT 10 Jan 95

[FBIS Transcribed Text] On 10 January Syarhey Navumchyk, member of the faction of the Belarusian Popular Front, proposed sending an appeal to the Constitutional Court to receive a constitutional assessment to the actions of the president and officials who, in Navumchyk's opinion, violated Articles 33 and 34 of the Constitution, imposing a ban on the featuring of Syarhey Antonchyk's report in the national newspapers. According to Mr. Navumchyk, Uladzimir Lazowski, deputy business-manager in the Presidential Administration, took a hand in the refusal to print the newspapers SVABODA, FEMIDA, GAZETA ANDREYA KLIMOVA, and BELORUSSKAYA DELOVAYA GAZETA in the state-owned "Belaruski Dom Druku" printing house in 1995. Syarhey Navumchyk pointed to the growing aspiration of the president to override the mass media. For instance, in accordance with the president's decree No. 19, dated 4 August, "Belaruski Dom Druku" was placed under the authority of the president's administrative board. The National Broadcasting Company is subordinate directly to the president. Recently the president signed a decree placing the BELINFORM news agency under the command of the president's administrative board. "There is some talk", Mr. Navumchyk said, "that the presidential team intends to deport four Russian journalists. I am also anxious about the fact that this information was not officially refuted by representatives of the presidential administration", Syarhey Navumchyk said. "The Constitutional Court must assess these facts", the MP stressed. Syarhey Navumchyk also sent a deputy inquiry to the Attorney General Vasil Shaladonaw because he thinks that the aforesaid actions are punishable in accordance with Article 166 of the Criminal Code (abuse of position).

Parties Condemn 'Infringement' of Free Media

WS1101113095 Minsk BELAPAN in English 1700 GMT 10 Jan 95

[FBIS Transcribed Text] A number of parties and organizations, including the Belarusian Popular Front, Belarusian Association of Servicemen, Party of People's Concord, Belarusian Social-Democratic Hramada, and

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others, have made a statement entitled "On the infringement of the right of the Belarusian citizens to free information." "President Alyaksandr Lukashenka's vows to give journalists freedom of expression burst like a soap-bubble", the statement reads, "in fact, the dispersal of democracy-minded journalists was continued". The aforesaid organizations demand the immediate demonopolization of the mass media.

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Kazakhstan

Government Fails To Reach Accord With Miners

LD1101101495 Almaty Kazakh Radio Network in Russian 0600 GMT 11 Jan 95

[FBIS Translated Text] The country's coal miners are to begin an industrial strike on 13 January. In view of this, the heads of the Karagandaugol [Karaganda coal] and Ekibastuzugol [Ekibastuz coal] companies and trade union leaders were invited to Almaty yesterday. As (Mikhail Nikiforov), chairman of the central committee of the coal industry workers' trade union, told a KAZTAG news agency correspondent, meetings were held in the capital with the Prime Minister Akezhan Magzhanuly Qazhygeldin, First Deputy Prime Minister Nyghmetzhan Qabatayuly Yesengharin, and the heads of several ministries.

However, he said, the talks failed to produce positive results. The miners did not receive an answer to their main demand—for their wage arrears to be paid. The government advised the miners that they themselves should try to get consumers to pay for the fuel they have received.

Company Head Discusses State of Gold Industry

LD1001180295 Almaty PANORAMA in Russian 7 Jan 95 p 8

[FBIS Translated Excerpt] Abdrakhman Begalinov, the president of the national joint-stock company Altynalmas, talks to Panorama about the prospects for the development of Kazakhstan's gold mining sector.

[Begalinov] There has been increased attention paid to our industry recently. I think that this is quite a normal phenomenon because the state of Kazakhstan's currency fund and the development of the Kazakh economy as a whole depend on how this sector develops. The press' increased interest in our company probably accounts for newspaper reports which do not, in my view, correspond to the facts (by the way the claim in KAZAKHSTANSKAYA PRAVDA that foreign investors have discovered 300 gold deposits on the territory of Kazakhstan is patently absurd).

Measures to increase the production of precious metals and stones, as well as the situation in this sector, were discussed at a meeting held at the end of last year, which was chaired by Deputy Prime Minister Vitaliy Mette. This meeting made it possible to find out the opinions of specialists in the mining complex and people who hold state posts. This meeting was also important for the gold mining sector because it found solutions to some pressing problems as well. In particular, representatives from cooperative associations of gold diggers put forward the issue of restoring privileges that were annulled in 1994. I would like to remind you of the fact that since 1932 when gold diggers resumed their activities in the Soviet Union they had certain privileges. In particular, gold diggers' salaries were exempt from income tax. In 1938 when gold miners had this privilege withdrawn gold production fell by half. The income tax advantages were restored in 1939, and consequently by 1940 gold production rose by 40 tonnes, 150 percent. This situation lasted until February 1994 when this statute was annulled in the republic by an edict issued by the president of Kazakhstan on the taxation of the incomes of natural persons. As a result, the exodus of gold diggers from cooperative associations began. Until recently there were 11,000 gold diggers in Kazakhstan, but as of today there are about 7,000. As a consequence of this, gold production has dropped by 38 percent.

It should not be forgotten that minor deposits, which contain 200 to 300 kilograms of gold each, and which are not exploited by state companies, are allocated to gold diggers. Work is carried out there using manual methods. There are a large number of such small deposits in the republic, therefore the use of cooperative associations of gold diggers, which are mobile in comparison to large-scale industry, is very important. Incidentally, the issue of restoring privileges to gold diggers was approved at the meeting. [passage omitted]

The Altynalmas national joint-stock company has been set the task of creating jewelry producing factories as well. In this connection, foreign equipment and materials worth $5.145 million have already been purchased for four jewelry-making factories. The total capacity of all the factories is 60 tonnes of products made from gold and silver annually. The Almaty jewelry factory has already been reconstructed. Work is being conducted on the creation of an experimental industrial company for cutting diamonds and brilliants with a cutting capacity of 3,000 carats a year. But we face new problems: The population cannot afford to buy [the jewelry]. As of 1 December last year finished products worth more than 40 million tenge were unsold. Shops opened in Petropavlovsk and Leninsk to sell the products.

As regards forecasts for the further development of this sector, we have a clear idea of it. I will not be wrong if I say that the state program, the Gold of Kazakhstan, which was developed by us, will start operating in the near future. The program has been completely reworked. It is planned to consider the program once again at an expanded collegium involving specialists from the Ministries of Trade and Industry, Economy, and Geology, and then submit it to the Cabinet of Ministers for approval. If the program is approved, it will be possible to increase gold production in Kazakhstan by 250 percent by the year 2000.

When people say that the Americans buy gold from foreign countries despite having their own gold deposits, while we are striving to increase the volume of work on mining gold, I have to remind them of the differences between the two countries' economic situations. Of course, it is possible to buy gold at the same price on the

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London metals exchange. But if we have our own mineral base, it is necessary to develop it and to exploit our own industrial potential.

The development of the complex should be considered in a wider context. It should be regarded as the development of the whole economy and the culture of the republic. Perhaps today it is not profitable for the state to fund us, but it should be taken into account that we will create a very powerful economic base in the republic in four to five years. Of course, as soon as we reach a coordinated balance, when it becomes disadvantageous to attract resources beyond a certain level, then we will talk about the need to slow down the growth in production.

As for fears about the size of mineral resources, they are unfounded. The gold mining sector annually exploits just one percent of all registered resources. At the same time, by prospecting we increase resources by 90 percent of what has been exploited. In fact resource potential is 6-7 times higher than the resources registered to this day.

Tajikistan

Iran's Help Requested in Staging Tajik Peace Talks

LD0901211595 Tehran Voice of the Islamic Republic of Iran First Program Network in Persian 2030 GMT 9 Jan 95

[FBIS Translated Text] In a meeting in Tehran today with Mahmud Va'ezi, deputy foreign minister in charge of European and American affairs, Tajik Deputy Foreign Minister Rahmatollahov called on the Islamic Republic of Iran to use its influence to facilitate the convening of the fourth round of Tajikistan peace talks. Moreover, he expressed his country's readiness to participate in these talks.

Rahmatollahov also conveyed the willingness of his country to open the Republic of Tajikistan's Embassy in Tehran. Va'ezi, in turn, referred to Iran's concern over the continuation of the crisis in Tajikistan. He stressed that as in the past, Iran will continue its efforts to establish peace and tranquillity in Tajikistan, and will use all its means to remove the existing obstacles and to encourage the two sides to take part in the fourth round of negotiations.

Government, Russia Strengthen Border Protection

LD1101092495 Moscow ITAR-TASS in English 0840 GMT 11 Jan 95

[By ITAR-TASS correspondent Galina Gridneva]

[FBIS Transcribed Text] Dushanbe January 11 TASS—Additional measures are being taken by the command of the Russian border troops jointly with Tajikistan's Government forces to strengthen the most vulnerable parts of the Tajik-Afghan border. Special units of Tajikistan's security and interior ministries have arrived in the Darvaz region in the Pamirs to guard the border there after the armed opposition stepped up the activity of its subversives in the local mountainous terrain.

This activity comprises continuous shooting at Russian border posts from Afghan territory, planting land mines on Tajik territory and shooting at air targets, including government and Russian aircraft.

On Tuesday [10 January], a Russian border post came under fire from Afghan territory in the Kalaikhum area, the press group of the Russian border troops informed TASS. Guns were fired from three directions simultaneously but none of the Russian soldiers was hurt. The fire was returned and the attackers were suppressed.

People's Party Meeting Adopts Peace Address

LD1101091695 Dushanbe Radio Tajikistan Network in Russian 0400 GMT 11 Jan 95

[FBIS Translated Excerpt] A city conference of the People's Party of Tajikistan was held on 10 January in Dushanbe; representatives of public organizations took part. Participants in the conference adopted an address to their compatriots that appealed to the people of the country for peace and accord. The address also said that society today needs profound reforms in all areas.

At the conference Rustam Karimov was elected chairman of the executive committee of the town organization of the People's Party. [passage omitted]

Uzbekistan

President Receives CSCE Secretary General

LD1001124595 Tashkent Uzbekistan Television in Uzbek 1530 GMT 9 Jan 95

[FBIS Translated Text] Uzbekistan's President Islam Karimov, received CSCE Secretary General Wilhelm Honyck today. During their friendly talk the head of state expressed his great happiness at meeting the guest and wished him a happy new year. We have met several times recently, the president said. The recent Budapest meeting, with its importance and attention, was a useful contribution to strengthening peace not only in Europe but also in Asia, it was stressed during the talks.

Islam Karimov drew the secretary general's attention to the problems of regional security and particularly to ensuring a stable peace in Tajikistan and to questions of further cementing international relations.

During the talks they also exchanged views on the results of recent elections to the republic's Supreme Assembly, and other questions.

Uzbek Foreign Minister Abdulaziz Komilov took part in the meeting.

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Karimov Interviewed Before Departure to Poland

LD1101113395 Tashkent Radio Tashkent Network in Uzbek 0600 GMT 11 Jan 95

[FBIS Translated Excerpt] In line with an invitation from Polish President Lech Walesa, Uzbek President Islam Karimov left for an official visit to Poland today. [passage omitted]

What kind of tasks will be discussed and what kind of documents are expected to be signed during the visit to Poland? Before leaving for his visit, President Karimov, in answering these questions, said:

[Begin Karimov recording] If we take into consideration the importance and the expected results of the visit to Poland, the documents that have been prepared for signature by Uzbekistan and Poland, then the titles of these documents themselves describe a lot. First, there is the declaration on friendship and cooperation between Poland and Uzbekistan. Second, there is a document on cooperation in the spheres of culture and science. Third, there is a document on economic issues which encourages mutual investments. Fourth, there is a document prepared is on mutual coordination of taxation issues. Another document prepared is on extending consular links. One more document is that.... [pauses] Uzbek lads fell during World War II in Poland and some Polish units were located in Uzbekistan, the troops of General (Anderce). And many of them also died. So there is a mutual agreement on protecting and improving their graves. Then there is the question of airways, the organization of air routes between Warsaw and Tashkent.

Thus these documents themselves indicate a lot, what Poland expects from us and what we expect from Poland, from this improvement of relations. These documents show much that can arise from these mutually beneficial relations. A great deal of effort was spent on preparing these documents.

On the whole it would not be an exaggeration to talk about Poland's good attitude toward us. They are interested in buying cotton, chemicals, and the products of the chemical industry and mechanical engineering from us. We expect assistance and profit from Poland in the light and textile industries, in the creation of joint ventures.

We should bear in mind one thing, the geographical location of Poland, the geopolitical position of Poland. It is in the middle of Europe. And it has on the Baltic Sea coast one of the largest ports in the world, Gdansk, and other such ports. In this connection, we are interested in resolving our communications and transport tasks in the export and import of our shipments. On the whole, the arrival of Poland in Uzbekistan and its interest in Uzbekistan is very large. That is why we are visiting Poland with great hopes. And Allah willing, we will try to achieve the goals we have set ourselves. [end recording]

Prime Minister Abdulhashim Mutalov, Timur Alimov and Bakhtiyor Ghulomov, the presidential state councillors, Kazim Tulyaganov, head of administration of Tashkent, and other officials were present at Tashkent airport to see off President Karimov.

Moscow Terms Greater Uzbekistan Idea 'Unrealistic'

LD1001190895 Moscow INTERFAX in English 1747 GMT 10 Jan 95

[From the "Diplomatic Panorama" feature: reports by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] Moscow, Jan 10 (INTERFAX)—Moscow believes as unrealistic the idea to create a "great Uzbekistan" by including Uzbek-populated districts of Afghanistan and Tajikistan into the former Uzbek Republic of the Soviet Union.

"This idea does not reflect real tendencies of the Central Asian region," a leading Russian political expert, who specializes on the regional problems and is an adviser to the Russian foreign ministry, told Interfax.

He said that "Uzbekistan's leadership does not share, at any rate publicly, the idea and distances itself from it."

"The romantic period of the post-Soviet manifestation of fraternity by Turkic peoples ended, leaving disappointment due to the inability of Turkey, Azerbaijan, Turkmenistan, Uzbekistan, Kazakhstan and Kyrgyzstan to take though one efficient step towards unity," said the expert.

He believes that "the contradictions among these countries which are based on the need to divide limited water and land resources, to compete for the emergence at world markets and for foreign investments, together with historical offences and ethnic prejudices will continue to separate the Turkic peoples."

"This could be directly attributed to the Uzbeks who live in Uzbekistan and Afghanistan. They have far more differences than similarities. While the above are looking into the 21st century, the latter, are rather looking into the 19th century," he said.

At the same time, according to the expert, "the idea of 'a great Uzbekistan' excites the minds of people from time to time." "Tashkent is conducting a tough course towards the neighboring Afghanistan and established a close contact with General Dostam an Uzbek by nationality, who controls the north of the country which is mainly populated by Uzbeks," he said.

The expert said that "the Dostam family lives in Tashkent. Once every month he stays in the Uzbek capital

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where the doors of all offices are open for him." In other words, Tashkent's "special relations" with General Dostam against the background of incessant feud in Afghanistan and the likely threat of the collapse of the state are saturating the idea of "a great Uzbekistan," he said.

The expert said that "the authors of the idea include in the 'great Uzbekistan' Khodjent (formerly Leninabad) Region of Tajikistan, where over one million Uzbeks live."

"The creation of 'a great Uzbekistan' seems to be no part of the long-term plans of the official Tashkent. The level of the political, social and military instability in Central Asia is too high for Uzbekistan to tempt the fate," said the expert.

He said that "only the collapse of Afghanistan and Tajikistan may cause a qualitative change of the situation."

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Armenia

Karabakh Rules Out Turkish Presence in Peace Force

NC1001184395 Yerevan Radio Yerevan International Service in Armenian 1615 GMT 10 Jan 95

[FBIS Translated Text] The political circles in Stepanakert last week were studying the latest statement made by Turkey's Ambassador to Azerbaijan Altan Karamanoglu that Ankara will spare no effort in dispatching disengagement forces to Nagorno-Karabakh.

Serzh Arushanyan, deputy commander of the Nagorno-Karabakh Republic Armed Forces, issued a special statement on this matter. It particularly notes that Turkey cannot participate in the peace process as part of the international forces which, according to preliminary reports, were to be dispatched to Nagorno-Karabakh. Any state that blatantly tramples upon the UN resolution prohibiting the supply of arms to the conflict zone and obstructs the dispatch of the humanitarian freight to Armenia and Karabakh is a direct participant in the conflict.

Serzh Arushanyan said that the participation of the Turkish fighters in the Karabakh war and the supply of arms to Azerbaijan is confirmed not only by the arms seized from the Azerbaijani Army but also by the statements made by General Dogan Gures, former chief of the Turkish General Staff.

Given these facts, it is not surprising that Nagorno-Karabakh's position to prevent the possible participation of Turkey in the mediation program is being received with understanding by Russia and the representatives of the CSCE countries. In view of this, Serzh Arushanyan noted, the latest statement by Turkey's ambassador to Azerbaijan that Turkish troops will take part in the CSCE disengagement forces, making up not less than 30 percent of the total number at that, is cause for astonishment.

In conclusion, Serzh Arushanyan said: It is also obvious that as a rule Turkey decides to play the reconciliatory role in those very conflicts in which the Turkish trainers and military servicemen actively participate. Bosnia and Karabakh are eloquent confirmation of this. I will not be surprised if Ankara also tries to play the role of a mediator in Chechnya where, according to our information, Turkish and Azerbaijani armed units are being speedily dispatched.

Joint MiG Flights Carried Out With Russian Pilots

LD1001195595 Moscow INTERFAX in English 1638 GMT 10 Jan 95

[FBIS Transcribed Text] YEREVAN, Jan 10 (Interfax)—Russian and Armenian pilots have carried out their first joint flights on MiG-23 fighters brought to Armenia in late October 1994 in order to create the air-defense system in the republic and defend the southern borders of the CIS, a high-ranking official of the Armenian Defense Ministry told Interfax.

He said the Armenian-Russian air unit with 12 MiG fighters was the first joint military unit in the CIS.

He voiced hope that Armenia and Russia would successfully continue their cooperation in order to establish a single air-defense system.

Self-Determination Demanded for Chechnya

NC1001221795 Yerevan NOYAN TAPAN in English 1501 GMT 10 Jan 95

[FBIS Transcribed Text] On January 10 the Armenian Union of National Self-Determination [UNSD] and Christianocrats [Christian Democrats] ran rally in protection of the right of Chechen people for self-determination. Addressing the rally Paruyr Hayrikyan, the leader of UNSD, pointed out that what was currently going on in Chechnya could have taken place in Karabakh two years ago.

A group of those, participating in rally, marched in protest to the building of the Russian Embassy, where the participants continued the rally with slogans "Khadjiev is the Chechen Babrak Karmal!", "Respect the Right of Chechen People for Self-Determination!" and cries "shame!".

The Russian Ambassador to Armenia Andrey Urnov received a delegation made up of three members of UNSD Party and headed by Paruyr Hayrikyan, who presented Party's statement to the Ambassador and expressed concern over the conflict in Chechnya and general situation in the Russian Federation. According to Paruyr Hayrikyan, Mr. Urnov considers Johar Dudayev to be the sole perpetrator of bloodshed in Chechnya.

Addressing to the participants of the rally, Paruyr Hayrikyan stressed that if there are options whether to preserve integrity of Russia or respect the right of the nation for self-determination, he and his party will favor the second one.

Asked how the initiators of the rally feel about the fact that earlier Turkey and Azerbaijan had made similar statements condemning Russia's actions in Chechnya, member of UNSD's office Harutyunyan replied that the Party viewed the Chechnya conflict not from religious viewpoint, but from the position of protection of human rights, in particular, the right of the nation for self-determination.

Acting Head of Security Discusses Various Issues

NC1001140295 Yerevan NOYAN TAPAN in English 0556 GMT 10 Jan 95

[FBIS Transcribed Text] Acting Head of the State National Security Department, President's special

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envoy, the Supreme Council's deputy Davit Shahnazaryan appeared on the television with the detailed interview. The main part of the speech was dedicated to the reforms in the system of Armenian Special Services and to the facts received by the special services during the investigation of some cases, which gave ground for the well-known decree by the President Levon Ter-Petrosyan on suspension of one of the leading opposition parties ARF [Armenian Revolutionary Federation]-Dashnaktsutyun. Shahnazaryan pointed out that in Soviet times KGB was an "armed detachment of the Communist Party" and ideological organization, which harassed the differently minded people and dealt little with the questions of intelligence. The aim of the reforms is to establish Armenian Special Services, serving for the state interests.

According to Shahnazaryan, the Armenian State National Security Department received information from special services of some countries, according to which, routes of international drug-trafficking started to pass through Armenian territory. In August 1994, at a luggage section of Moscow's International Airport "Sheremetievo-1" a suitcase, containing drastic drug - heroin was found. Owner of the suitcase was not identified but it was found out that it belonged to a passenger, proceeding from Armenia to the western coast of USA (Los-Angeles) via the Russian capital. After this incident Armenian and Russian special services started joint search. The route Beirut-Yerevan-Moscow-Los-Angeles was taken under control. In early December, simultaneously in Yerevan and in Moscow dozens of men suspected of being involved in this case were arrested, the searches have been made in some apartments and a great deal of arms, special communication equipment, several kilograms of heroin and great quantity of papers from the archive, which belonged to the secret organization "Dro" [alias for the deceased Drastamat Kanaian, a former leader of ARF] established in Armenia according to the order of Athens-based Bureau of the Party ARF-Dashnaktsutyun, were seized. Videorecording of the search, in the course of which heroin and special communication equipment were found, was demonstrated. Shahnazaryan considers the discovery of the special suitcases of serial production, in which the drugs have been transitting (the so-called "camouflage") to be the serious achievement of this operation.

It became clear from the archive found during the search at one of the secret addresses that the organization "Dro", which actually dealt with the intelligence activities directed against the Armenian armed forces and Russian troops stationed in Armenia as well as with the illegal commercial activities and drug business, had its own bureaucratic apparatus and office, the papers of which now became the property of Armenian special services. "Dro" gathered information of three kinds: military, political and economic. Shahnazaryan's opinion is that the information received by "Dro" was sent abroad. He mentioned that in the beginning of 60's a similar network was found in one of the middle-east countries, however, the fact did not cause much fuss. He expressed presumption that the special services of that country exploited the organization "Dro" in their interests. Shahnazaryan did not exclude the existence of such a network within other countries but by some reasons this information was concealed.

Shahnazaryan pointed out that judging by documents, the activities of "Dro" also included political assassinations. The Chief of the Armenian Special Agencies especially stressed the fact that this organization despite its activity had not completed the process of its forming, i.e. it was acting and forming at the same time. Further video recordings of interrogations of the three members of "Dro" who participated in assassination of a married couple were demonstrated (two of them admitted their guilt and the other one admitted his participation in providing a back up during the assassination). Shahnazaryan reported that a completely innocent man has been sentenced to 15 years of imprisonment for this murder. Now law-enforcement agencies and the court will not only have to admit their mistake but also punish those who are guilty of sentencing an innocent man. The case of Armenian Revolutionary Federation "Dashnaktsutyun" member Gagik Sahakyan's murder was also brought up. In his extensive speech the Chief of the Armenian Special Services practically did not allude to participation of "Dro" in assassinations of the former Chairman of KGB of the Armenian SSR [Soviet Socialist Republic] Marius Yuzbashyan and former mayor of Yerevan Hambardzum Galustyan mentioned by the Armenian President.

Shahnazaryan officially stated that there are no political prisoners in Armenia and all those considered political prisoners (journalist Robert Mavisakalyan brought the example of the former First Deputy Head Advisor of the Armenian President's on issues of national security Vahan Avakyan), have been convicted according to relevant articles of Criminal law.

Replying to questions of TV viewers, Shahnazaryan evaded from giving a direct answer to a question about legal aspects of President Levon Ter-Petrosyan's decree temporarily suspending the activities of the Armenian Revolutionary Federation "Dashnaktsutyun". At the same time he stressed the timeliness of the decree in insuring security and preventing possible chaos, anarchy and terror in Armenia. He also pointed out that the decree will be in force until a relevant resolution of the Armenian Supreme Court.

According to Shahnazaryan, the classified archives of the Armenian State National Security Department will not be published or used in any other way against political opposition. He also expressed hope that the Department will improve its efficiency and from now on will execute only the orders of the legitimate power.

The Chief of the State National Security Department convinced the TV viewers that there will be no anarchy, or political organization governed from abroad, or secret

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organizations, or international drug business, or political terrorism, but there will be democracy.

Replying to a question, to what extent the policy of the ARF-Dashnaktsutyun Party is influenced by its Parliamentary faction, Shahnazaryan said, "...the Communist deputies of former USSR: farmers, dairymaids, tractor drivers and machine-operators wielded the same influenced on the policy of the Communist Party as the Dashnak deputies did on the policy of their Party."

Shahnazaryan pointed out that all the documents seized during a search in connection with "Dro's" case will be published in "HAYASTANI HANRAPETUTYUN" official daily.

Dashnaktsutyun Party Trial To Begin 12 Jan

NC1001142795 Yerevan SNARK in English 0829 GMT 10 Jan 95

[FBIS Transcribed Text] Yerevan, 9 January (SNARK)--The oppositional "Dashnaktsutyun" party will be brought to trial on 12 January, before the Supreme Court of Armenia, the party Central Committee representative Ruben Hakobyan told SNARK newsman.

At a press conference in Yerevan, Hakobyan called illegal the President Ter-Petrosyan's order on temporary suspension of this leading oppositional party's activity. In its statement distributed today, "Dashnaktsutyun" leadership informed of intention "to struggle, within the framework of Armenian legislation, for restoration of its legitimate rights".

The journalists were told that 20 party members have been arrested.

ARF Representatives Hold News Conference

NC1001221895 Yerevan NOYAN TAPAN in English 1437 GMT 10 Jan 95

[FBIS Transcribed Text] On January 9 representatives of ARF[Armenian Revolutionary Federation]-Dashnakstutyun held a news conference.

The representative of Party's Central Committee Ruben Hakobyan presented a statement issued by the Central Committee of the Armenian Revolutionary Federation-Dashnaktsutyun in connection with President's decree on suspension of Party's activities. It was pointed out in the statement, that the decree by President not only aggravated the internal political situation in the Republic, but also made impossible the activities of all parties. Thus, President Levon Ter-Petrosyan has come to be a disseminator of fear and suspicion in the country. Authors of the statement labeled the presidential decree as a new sad attempt to impact the national thought and democracy just on the eve of parliamentary elections. The Central Committee of ARF-Dashnaktsutyun assures that protecting the rights of the Party, it will respect the law in force and act only within it.

Ruben Hakobyan alleged that the leadership attempted to suspend Party's activities half a year ago, when the legacy of Party's existence became a subject for debates at the Parliament and Ministry of Justice. The authorities also plan to draft the members of ARF-Dashnaktsutyun for a military service. Today 20 members of the Party, namely Hrant Markaryan, Armen Aghayan, Gegham Manukyan, Hovik Mikayelyan, Roland Sharoyan and others are kept in KGB isolation. Moreover, charges of being involved in drug trafficking were not brought to any of them.

He also said that the Central Committee of ARF-Dashnakstutyun addressed to the Armenian Ministry of Justice, the Armenian Prosecutor's Office and the Armenian Supreme Court with a demand to clear up the lawfulness of the presidential decree. The reply from the Supreme Court is expected on January 12.

Hakobyan underlined that the Central Committee of ARF-Dashnaktsutyun considers President's decree illegal and stated that Party would continue its activities in Armenia. In case of approval of the decree by the Supreme Court, the further steps by the Party will be taken in compliance with the situation. It was stressed that terror also affected the press and had deprived it of individuality.

The participants of the news conference once again denied the fact of existence of a secret organization "DRO" within ARF-Dashnaktsutyun.

Addressing to the news conference, Hrant Karapetyan, a member of the Central Committee of the Party, reported that no appropriate protocols were compiled during seizure of Party's property. He also underscored that violence launched by the Armenian leadership against ARF-Dashnaktsutyun received a negative reaction during a rally held in Glendale, Ca. Participants of the rally demanded from the US Government to react on the developments in Armenia. Similar rallies of protest were held in Iran, Montreal, Toronto. According to Karapetian, "Hurriyet" daily often addresses the presidential decree in its publications.

According to ARF-Dashnaktsutyun's leaders the Party always avoided political war and this time will also remain committed to its principles.

Banned Opposition Group Appeals to Justice Ministry

LD1001195295 Moscow INTERFAX in English 1921 GMT 10 Jan 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] The leaders of the Armenian Revolutionary Federation Dashnaktsutyun have sent an

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appeal to the Ministry of Justice against the ban imposed on this major opposition party by the Armenian president.

IF Note: The decision to suspend the Dashnaktsutyun was taken in December 1994 on charges of organizing political assassinations, involvement in the drug business, and espionage. The president said on national TV that the Dashnaks were involved in the assassination of former KGB chief Marius Yuzbashyan in 1992, and ex-mayor of Yerevan Ambartsum Galstyan in December 1994.

First Vice Chairman o the Supreme Court Ovanes Nersisyan told INTERFAX that the final decision on the appeal would be taken in a couple of days.

The Dashnaktsutyun is also faced with charges of having Iranian, Greek, Lebanese, and Canadian citizens among its members, which goes against the Armenian laws.

This party circulated a statement in Yerevan on Monday which says that the suspension of its activity was an attempt to aggravate the political situation in Armenia.

It also says that "the ruling grouping is complicating the political parties' free activity in Armenia."

Representative of the party bureau and member of its faction in the Armenian parliament Ruben Akopyan told journalists that the party's property is being misappropriated under the pretext of confiscation.

Meanwhile, the authorities argue that the president's decision is correct. Head of the National Security Department David Shakhnazaryan believes that this measure will "put an end to terror and political assassinations which had only one goal - to destabilize the country."

"We shall not allow anarchy, political terror and drug business rule the country," he said.

He noted, however, that there were neither political reprisals not political prisoners in Armenia. Only criminals are persecuted, he added.

Earlier, the president's aide Levon Zurabyan told Interfax that the president's decree would not aggravate the political situation in Armenia.

Reactions to ARF Party Suspension of Activities

Deputy Assembly: Decree Against Law

NC1001221695 Yerevan NOYAN TAPAN in English 1159 GMT 10 Jan 95

[FBIS Transcribed Text] On January 9, the regular session of the union "Deputy Assembly" took place. Out of 37 deputies, who signed the statement on membership in the union, only 21 of them were present.

A number of questions on the agenda, including the question of participation of the Deputy Assembly's members in the rally, which is being organized by the Union of National Accord on January 20, and in the work of the Constitutional Commission of the Supreme Council were discussed. Deputy Assembly adopted the statement, according to which, Armenian President's decree on suspension of the public and political organization ARF[Armenian Revolutionary Federation]-Dashnaktsutyun and, following from this, actions towards the ARF and some other organizations (including the "Union of Constitutional Law") as well as the ceasing of news media is considered to be the flagrant violation of law "On Public and Political Organizations" and as a document having no validity.

The inquiry on measures, which are taken by the Prosecution, in connection with the statement made at the session of the Armenian Supreme Council on December 19, in which deputies Kim Balayan, Albert Baghdasaryan and Garnik Isaghulyan asserted that they underwent threats and violence, was adopted on behalf of the Armenian Chief Prosecutor.

On January 10, Deputy Assembly will continue its work, discussing the working program.

Rights Group Statement

NC1001141095 Yerevan SNARK in English 0819 GMT 10 Jan 95

[FBIS Transcribed Text] Yerevan, January 7 (SNARK)—[dateline as received] Today is the tenth day, when the Yerevan headquarters of "Union of Constitutional Rights of Armenia" party have been sealed up. The office, which is in the building where the ruling bodies of Armenian Revolutionary Federation [ARF] "Dashnaktsutyun" is situated, has been searched and after sealed up by the law protecting bodies after the President's decree on temporary stop of "Dashnaktsutyun" party activities was edited.

The leader of "Union of Constitutional Rights of Armenia", a deputy Hrant Khachaturyan declared that neither the Ministry of Interior Affairs, nor the State Administration of National Security hadn't given any explanations why the headquarters had been sealed up. [previous sentence as received] In its extended statement the "Union of Constitutional Rights of Armenia" claimed the nation "to unify round the democratic forces in order not to allow the strengthening of anti-national dictatorship in Armenia."

Writers Union Supports President

NC1001203095 Yerevan Radio Yerevan International Service in Armenian 1615 GMT 10 Jan 95

[FBIS Translated Text] The Administrative Board of the Armenian Writers Union has made the following statement: Armenian President Levon Ter-Petrosyan's televised address on 28 December 1994 has been received with approval at the Armenian Writers Union. Having witnessed during its activities in recent year the blatantly

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disastrous behavior of separate groups, illegal structures, and persons that exclusively pursued personal interests by exploiting the name of the traditional Armenian Revolutionary Federation that for decades worked in the interest of the nation in the course of creating statehood, securing the stability of the Dram, and solving the problems perturbing the people, the Writers Union strongly condemns in particular the ignoble and treacherous actions aimed at dismembering and dissipating the healthy forces of the Republic's creative intelligentsia and at dividing it into legal and illegal groups, a policy adopted by its [Writers Union] present leaders who have occupied the highest positions in the Armenian Writers Union through trickery and fraud and by their mouthpiece YERKIR and AZAMART.

The Armenian Writers Union is confident that the president's aforementioned, unfortunately belated, televised addressed aimed at establishing law and order in the Republic and the decree following it will be consolidated with concrete measures, and all the illegal activities destabilizing life in the Republic will be dealt a decisive blow and will be thwarted. The Union is ready to contribute in this work.

[Signed] Administrative Board of the Armenian Writers Union.

Georgia

Ukranian President's Visit Continues

News Conference Held

LD1001153095 Tbilisi Radio Tbilisi Network in Georgian 0800 GMT 10 Jan 95

[FBIS Translated Text] Here are some excerpts of yesterday's news conference given by Eduard Shevardnadze and [Ukrainian President] Leonid Kuchma:

[Begin recording] [Kuchma in Russian] First of all, let me thank you warmly for your hospitality. My visit to Georgia paved the way for strengthening Ukrainian-Georgian relations. Ukraine has always viewed the development of relations with Georgia as an important trend in its foreign policy. Relations between our countries have always been noted for their stability and our aspirations for cooperation, and practically, we have never contradicted each other over anything. Traditional economic, historical, and political links between Georgia and Ukraine as well as common interests in both regional and world politics, the unity of views on the prospects for relations between our states, enabled us to bring Georgian-Ukrainian relations up to a qualitatively new level.

We had talks and meetings today. I held a dialogue with the head of the Georgian state, Eduard Shevardnadze, during which we discussed a wide range of issues of common interest. It became clear that we were correct in our assessment of prospects for further cooperation in all spheres between Ukraine and Georgia.

We agreed that we had to increase trade and economic cooperation and confirmed that the introduction of a free trade regime—the agreement on which we signed today—will be useful. Therefore, a package of documents which we signed will enable us to be absolutely optimistic about our future.

And finally, I would like to convey my heart-felt thanks to the head of the Georgian state and wish the people of Georgia and the head of state success in resolving those great problems that the country is facing. Thank you very much.

[Shevardnadze in Russian] I fully share Leonid Danylovych's statements and his assessment of our negotiations, their contents and form; as well as the assessment of the documents which we have just signed. I would call this meeting a unitary one as our relations are being built on the basis of the document which bears a not-altogether-usual name: the agreement on friendship, cooperation, and mutual help.

At the airport I called our meeting a historical and important event for our states and I confirm that we are truly building special relations, relations of a special trust, and by doing that we carry on maintaining centuries-old traditions of friendship and brotherhood between our peoples.

I am grateful to the president of Ukraine and all the members of the authoritative and representative delegation for their visit and for the detailed work which we have carried out. Today, after hearing several pieces of information, we have been assured that we have great prospects for developing mutually beneficial and equal relations between our countries.

The key result of our meetings, in my opinion, is the declaration on prospects of developing cooperation between Ukraine and the Republic of Georgia and mutual approach to the issues of international nature which we have signed; besides this declaration we have signed very important agreements such as the free trade agreement; the protocol of the agreement on the development of trade and economic cooperation in 1995; the agreement on promoting mutual protection of each other's investments; the agreement on setting up accounts between the national banks of Georgia and Ukraine; the agreement on industrial cooperation; the agreement on cooperation in the sphere of pension security, and many others which are equally important for both Ukraine and Georgia.

Negotiations, as Leonid Danylovych noted, were held in the atmosphere of full understanding. I would like to stress again that this visit is of major importance for our states and for those people who are interested in building new relations in the post-Soviet era between the republics and states who have just gained their independence. Thank you. [end recording]

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[Announcer] I remind you that you were listening to a recording of excerpts of the news conference given yesterday by Eduard Shevardnadze and Leonid Kuchma.

Trade Relations Ageements Signed

LD1001191895 Moscow INTERFAX in English 1447 GMT 10 Jan 95

[FBIS Transcribed Text] Tbilisi, Jan 10 (Interfax)—The Ukrainian and Georgian leaders signed a number of predominantly economic documents in Tbilisi on January 9, the most important one being the declaration on prospects for cooperation between the two countries.

Ukrainian president Leonid Kuchma told a press conference Monday [9 January] evening that the agreements reached would help broaden trade and economic relations between Ukraine and Georgia largely due to the free trade regime.

Commenting on the Georgian-Ukrainian talks which dealt, among other things, with the construction of a Trans-Caucasian oil pipeline, Georgian leader Eduard Shevardnadze said: "Ukraine is extremely interested in alternative sources of energy, one of which is oil fields in Azerbaijan."

According to Interfax sources, during the talks in Tbilisi, the decision was taken to set up a Georgian-Ukrainian working group that would draft a project for the construction of an oil pipeline linking Azerbaijan to the Georgian ports of Poti and Batumi, from which oil will be transported to Ukraine.

Commenting on the situation in Chechnya, Kuchma said that "conflicts must be settled at the negotiating table."

Ukrainian President's Visit Ends

LD1001175895 Moscow ITAR-TASS in English 1605 GMT 10 Jan 95

[FBIS Transcribed Text] Tbilisi January 10 (TASS)—An official two-day Georgian visit of Ukrainian President Leonid Kuchma ended here today after signing of several documents on deepened bilateral cooperation.

The president has met Catholicos of All Georgia Iliya II, representatives of the Ukrainian diaspora, Georgian intellectuals and students. Kuchma and Eduard Shevardnadze had a closed-door meeting. In the afternoon the Ukrainian president and the accompanying officials left Tbilisi for Kiev.

The Ukrainian and Georgian leaders described the visit as an important step towards consolidation of bilateral relations at a news conference on Monday night. They voiced the essential coincidence of their interests in many aspects of regional and world politics and the similarity of their opinion about prospects for the development of Ukraine and Georgia. They believe that bilateral relations can be upgraded to a qualitatively new level.

In the words of Kuchma, the Ukrainian-Georgian relations are a priority of the Ukrainian foreign policy. These relations have always been stable and traditional. The sides are striving for cooperation and have practically no differences.

In his turn, Georgian leader Eduard Shevardnadze noted they are building confidential relations with Ukraine and continue centuries-long traditions of friendship and brotherhood.

Shevardnadze: "Democracy Will Triumph in Chechnya"

LD1001194595 Moscow INTERFAX in English 1922 GMT 10 Jan 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Pokrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] Ukrainian President Leonid Kuchma completed on Tuesday [10 January] his two-day official visit to Georgia. During the visit, the two sides signed bilateral economic documents, the main one of which is the Declaration on Prospects of Cooperation Between the Two Countries.

The Georgian leader, in a traditional radio interview, said that the visit is "an important event" in the life of people of Georgia and Ukraine.

At the news conference in Tbilisi late at night on Monday, Kuchma voiced confidence that the agreements signed with Georgia will make it possible "to intensify" bilateral trade and economic relations, and, he believes, the coordinated regimen of free trade will largely promote them.

Journalists showed keen interest in Shevardnadze's words about the past talks at which the two sides discussed the project for the construction of a Trans-Caucasian oil pipeline. "Ukraine is very much interested in the alternative sources of energy resources, one of which is the future development of oil deposits in Azerbaijan," he said.

At the talks in Tbilisi, reports an Interfax correspondent, the two sides decided to create a Georgian-Ukrainian working group, which could submit a concrete project for the construction of an oil pipeline from Azerbaijan to the Georgian ports of Poti and Batumi, from where the oil will be shipped to Ukraine.

Commenting on the situation in Chechnya, Kuchma said that "any conflicts should be settled only through the talks."

For his part, Shevardnadze believes that his repeated "warnings about the danger of aggressive separatism were not listened to." He believes that "the Chechen tragedy is rooted in Abkhazia and now any sober-minded politician arrives to this conclusion." "I would like to say once again: no one will forbid Russia to

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struggle for its integrity in full sense of the word. Whether these are late or premature actions—Russians must struggle for the unity of their country. Unless Russia, in conditions of the protection of human rights and principles of democracy, roots out separatism, it will be split as a state. This will be another Yugoslav tragedy in gigantic scope," said Shevardnadze.

He believes that "the Chechen war should end shortly and democracy will triumph in Chechnya." The completion of the developments in this republic of the Russian Federation, believes Shevardnadze, will mean "the prevention of a large-scale Caucasian war." He hopes that this circumstance will prompt the world community to the global settlement of conflicts in the Caucasus.

Abkhaz Government Warns Illegal Militants To Withdraw

LD1001172995 Moscow ITAR-TASS in English 1414 GMT 10 Jan 95

[By ITAR-TASS correspondent Irina Shchegoleva]

[FBIS Transcribed Text] Sochi January 10 TASS—"If militants who illegally got into the Abkhazian territory do not withdraw from the Gali district by January 10, the Abkhazian Government will have to take measures to destroy band formations and terrorists groups," said a statement of the Abkhazian Government circulated by the Abkhazian Ministry of Information and the Press.

The statement was issued in connection with the fact that acts of subversion and terrorism have become more frequent in Abkhazia's Gali district bordering on Georgia's Zugdidi district. The Abkhazian side blamed for this groups of militants penetrating into the Gali district from the Zugdidi district.

Since the deadline of the ultimatum indicated in the statement expired today, ITAR-TASS tried to learn from the Abkhazian Government what is the situation in the district now and whether the Abkhazian side plans any combat operations "to destroy band formations." According to reports received from a well-informed source in the Abkhazian Government, the situation in the Gali district is now relatively calm. Negotiations are conducted with representatives of the Georgian side on a joint restoration of electric transmission lines.

Small groups of militants remain in villages in the costal zone of the Gali district. The Abkhazian side does not yet plan any combat operations in the district, according to the information from the source.

Sarishvili-Chanturia: 1994 'Year of Misery'

AU0801195095 Tbilisi KAVKASIONI in Georgian 30 Dec 94 p 1, 2

[Interview with Irina Sarishvili-Chanturia, leader of the National-Democratic Faction in Parliament, by an unidentified correspondent; place and date not given]

[FBIS Translated Text] Kalbatoni Irina Sarishvili-Chanturia has left the hospital [after being seriously wounded in an assassination attempt on 3 December that resulted in the death of her husband Giorgi Chanturia, chairman of the National-Democratic Party (NDP)] and intends to get back to work soon. The conversation with her will undoubtedly be of interest to readers.

[Correspondent] Is it possible now to stop inquiring about your health and speak about your political plans?

[Sarishvili-Chanturia] As far as my health is concerned, the only problem is a bullet that is lodged close to my heart. It will be possible to remove it in two to three months, but I do not intend to have the operation and I am not willing to go into the hospital. I am ready to continue my political activities, if, of course, nothing unexpected prevents me from doing so.

[Correspondent] Hopefully everything will be fine. This last year has proved disastrous and bloody for the country. We ask you, as a politician, to assess the year's events.

[Sarishvili-Chanturia] I recall that, at the end of 1993, several politicians were asked a similar question and, to my surprise, they assessed the previous year as being a profitable one. If we define this year according to statistics, the country has not lost any territory and it is unfortunate that many assess the process of the country's stability according to this aspect. They think that if everything is intact and nothing is being ruined—in spite of the fact that nothing is being done—that the situation in the country is stable.

It is popular to say that, as an economic crisis and a grievous situation prevail in the country, the state does not exist. However, if the state were to exist, we would be unable to avoid difficulties in the initial stage of economic reform. Compared with last year, real steps have been taken this year toward reform. However, I fear that everything could possibly come to a halt in midstream and we will not be able to see the results achieved up to now if we entrust the country's fate once more to the government that has led the republic to the present situation. Many are using the recommendations of the IMF and the World Bank, but certain recommendations that do not suit some people are being avoided for some reason or another. The government is doing everything by half-measures and it is understandable why the popularity rating of the Cabinet of Ministers has dropped to zero. The authorities and, unfortunately, the head of state himself are paying less attention to the factor of the population's trust. The fact that people are not coming out onto the street today and supporting the radical opposition does not mean that they are satisfied with the current situation. Structural changes in the government are inevitable and it is already essential that we mention those people who have robbed the country and aggravated still further the social situation; we should put an

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end to handing out awards and decorations and, proceeding in this way, release officials from the government; the crime should be exposed and the criminal made to face the people.

This last year has brought me misfortune, and I think the state as well. Something has come to an end for me. However, life goes on in the country and I nevertheless hope that the new year will be the year of a new beginning.

[Correspondent] Kalbatono Irina, is your hope based on some specific plans and figures or is this only a desire and heartfelt feeling?

[Sarishvili-Chanturia] My optimism is based on concrete political plans. I have hope in the awakening and support of society. Naturally, I have no hope in the composition of the current government. However, such a huge chasm has appeared between the people and the authorities and the country's legislative and executive bodies are in such a state of disarray that I believe they will take compromise steps. If what I suppose does not materialize, I can say that God has saved Gia [Chanturia] and spared him from seeing the misfortune that awaits Georgia. I believe that, sometime around February, the authorities will take compromise steps aimed at their own salvation (I am not speaking only of physical salvation).

Things will not be done by people wearing white gloves. A passive and procrastinating position is tantamount to a crime. The thought of scoring points and action only from the political point of view would be justified if we lived in France or the United States. A period signalling the start of reforms from this standpoint is disadvantageous for all governments. Unfortunately, there are not many who can replace the government's representatives in Georgia and, if they also reject hard work, the appearance of unknown persons in the new government will be unable to increase the trust of society and it will turn out that the people themselves will hinder the implementation of reforms.

[Correspondent] The draft annual budget proposed by the republic's government has not been adopted by Parliament. There is talk that this fact will become a barrier to relations with the World Bank and the IMF. What do you think?

[Sarishvili-Chanturia] I can say openly and directly that this budget could have been ratified, only not under the conditions created by this government. This does not mean that the draft was realistic. I believe the main shortcoming of the budget lies in the fact that its fundamental part is based upon monetary resources received in the form of humanitarian aid. One can see that it has no prospect or direction. Viewed in this way, the budget is practically dead. If the question of ratifying the proposed budget is once more put to the vote, I will not vote for it for the sole reason that its collapse should be followed by the government's resignation. Today, I can see no other means of struggling against the government. I would call the present government, to put it mildly, a dilettante government; in reality, however, it is a body made up of robbers. Naturally, I am not talking about everyone, but drawing a general picture. If this was not the case, I could have supported the ratification of the draft budget if only because our relations with the world's financial organizations and donor countries will indeed become complex. We are faced with the fact that millions and billions [currency not specified] have been lost without trace and there is no sign of the criminal. I believe that, under the administration of the current government, the sums brought into the country in the form of humanitarian aid will continue to disappear without trace like the 70 million ECU and we will not get this aid again.

[Correspondent] Kalbatono Irina, the events in Chechnya today are the focus of attention. Certain politicians are stating directly that the question of the return of Georgians to Abkhazia has become real. The attitude toward the separatists has changed in Russia. How do you assess the situation that has taken shape?

[Sarishvili-Chanturia] In the process of the development of events in Chechnya, it would indeed have been right for the Georgian authorities to have taken concrete steps aimed at settling the Abkhazian problem. The chance was indeed real and we will probably not have a more favorable opportunity. However, throughout the whole year following the loss of Abkhazia, the authorities did practically nothing to strengthen the power structures and create a Georgian army. I believe that we will get back Gali rayon not through the efforts of the Georgian authorities but by a decision of the Russian Government. The Russians will probably paint a pretty picture and will introduce Georgian Army units onto the returned territory, but this will not be the return of Abkhazia. All this is really better than absolutely nothing and, in conditions of the nonexistence of the attributes of a state, it is indeed impossible to do anything more. I laugh when certain politicians state that they will return to Sukhumi from Gali as victorious commanders in chief. I repeat that Gali will be returned to Georgia again proceeding from Russia's interests.

It is possible that some favorable moment will again arise some time later, but I have no more hope at this stage. I am unable to view events in such an unrealistically optimistic light as Former Defense Minister Tengiz Kitovani. His idea today about returning to Abkhazia is wholly natural and understandable to all sensible people, but this should have been thought about much earlier; the year should not have been wasted in vain and a regular army should have been formed. If our Army were to enter onto the territory of Abkhazia today with ceremonial pomp, this would not have great significance. It is possible that, from the psychological point of view, the people need to see the Georgian Army as a force, but this action will be initiated by Russia and it will have the controlling interest in its hands.

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[Correspondent] The NDP has determined and formulated its course. Will there be any change in your strategy following Giorgi Chanturia's death and what place will the party occupy in the Georgian political space?

[Sarishvili-Chanturia] Nothing has been changed or could have changed as Gia Chanturia is today more alive than certain living corpses. The fact that Gia is not standing alongside us is my personal tragedy; as for the state, his death could signal the start of something new. The party will remain a Christian-democratic organization that is oriented toward Europe. This is confirmed by the fact that, by a decision of the East European General Secretariat of the Christian-Democratic International, the secretariat's headquarters will remain in Tbilisi and, moreover, Gia Chanturia is still its general secretary. Regarding our strategic direction, the NDP will fight for victory in the future elections. Our attitude toward the radical opposition remains unchanged. At times, their actions strengthen the unworthy part of the government more than the actions of those supporting it. We will continue to proceed from the interests of the state and not from personal interrelations, no matter how difficult this is. I am psychologically prepared for this. I have been training, so to speak, in the hospital. I have been listening to the televised sessions; I heard Jaba Ioseliani's [chairman of the Committee for the Settlement of Conflict Situations in Georgia, chief Georgian negotiator at the talks on settlement of the Abkhazian conflict] speech and followed the meeting of the Security Service from beginning to end, so I did a certain amount of training in the hospital as far as my nerves were concerned.

I trust myself insofar as no one will see me as an embittered woman; they will see that person who is continuing to do the same thing that was done by two people—Gia Chanturia and me—up until now.

I will have the same attitude toward people and the state system and we will proceed by advocating "velvet" changes in the government. As regards the fight against the mafia, it will continue in the same way—by naming names.

Here, the mafia does not exist in a structured form. Mafia forces are fairly numerous. This is why sometimes one, sometimes a second, sometimes a third is being blamed for what happened on 3 December. I do not intend to seek out the killers from the rostrum in Parliament; I simply know whom we were fighting, all our potential killers. They would prefer both Gia and I were not around. If the authorities want, let them use what happened on 3 December not to get rid of one albeit terrible criminal but to show everyone where he or she belongs. It is not possible to single out anyone as everything taken together was responsible for what happened on 3 December.

Gia often said: "In this country, probably something terrible has to happen for people to sober up and take some kind of step." In the days following Gia's murder, I did not know what was going on outside, but, as I was told, everyone was horrified. This terrible thing is probably even good for society and is the key to its sobering up. The main thing is that the party is not intimidated by it and continues its work.

[Correspondent] Kalbatono Irina, the New Year is approaching. What would you like to say to the people?

[Sarishvili-Chanturia] I wish everyone a Happy New Year. This is a family celebration and, no matter what suffering there is in the country, some kind of joy reigns in the family. Let 1994 be the last year of misery for everyone. There will be fireworks and joy at New Year. Some will be in greater need than others. There are very many in mourning in Georgia today. It is that time when everyone should laugh and view the future with hope. If politicians can put the country above personal interests, everything will be fine. I have not bothered anyone with my happiness and will likewise try not to bother anyone with my misfortune.

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Estonia

International Experts Discuss Paldiski Reactor Dismantling

WS1101121395 Tallinn BNS in English 1815 GMT 10 Jan 95

[FBIS Transcribed Text] Tallinn, Jan 10, BNS—Experts from Estonia, Russia, the United States and Sweden began a meeting in Tallinn on Tuesday [10 January] to identify the technologies best suited for final dismantling of two nuclear reactors at a former Russian base in Paldiski, Estonia.

Russia has removed nuclear rods from both reactors and is scheduled to turn the facility over to Estonia early this fall.

Russian experts at the meeting presented a draft suggesting how the reactors could be conserved. The plan includes covering the reactor bodies with a half-meter thick concrete wall. Under the Russian plan, the reactor bodies would remain at Paldiski, while the former nuclear facility's other buildings would be cleaned. Paldiski would also get rid of a storage facility for radioactive waste, the Estonian Foreign Ministry press office said on Tuesday.

The Estonian Government on Dec. 29 gave the Foreign Ministry instructions to seek conservation of the reactors by Russia. The reactors should be conserved in a manner that would allow to dismantle them later, the government said.

The experts are scheduled to visit Paldiski on Wednesday to take a first-hand look at the former nuclear facility. They will be present when a team from Finland's Imatran Voima starts work to purify some 500 tons of radioactively polluted water formerly used in the reactors.

Finns Start Purifying Radioactive Water

WS1001153195 Tallinn BNS in English 1003 GMT 10 Jan 95

[FBIS Transcribed Text] Tallinn, Jan 10, BNS—Finland's Imatran Voima (IVO) will start work on Wednesday [11 January] to purify low-radioactive water used in two nuclear reactors at the former Soviet naval training base of Paldiski, Estonia. Finnish experts are scheduled to make final checks on the water-purification filters on Tuesday, Juri Tikk, the Estonian governmental representative at Paldiski, told BNS.

Tikk said IVO would purify some 500 cubic meters of low-radioactive water under an agreement signed last year. The work is due completed in four months. The Finnish Government has given the equivalent of 1.3 million Estonian kroons (USD about 100,000) for the operation. The work is to be carried out by a Finnish team of three or four.

After going through the filters, the water will be conducted into a special tank where radioactivity levels will be measured again. If the water is found clear of contamination, it will be let into the Baltic Sea. Experts have estimated there could be as much as 350 cubic meters of radioactively polluted mud on the bottom of the current storage reservoir. The Finnish company is also expected to investigate the possibility of cleaning the mud and what technologies could be used for that.

The two nuclear reactors at Paldiski were opened by Russia late last summer. The nuclear rods were taken out from Estonia in October. Russia is scheduled to have the reactors conserved and turn the former nuclear submarine crew training facility over to Estonia by Sept. 30 this year.

Foreign Ministry Statement on Chechnya

LD1001183195 Tallinn Radio Tallinn Network in Estonian 1700 GMT 10 Jan 95

[FBIS Translated Text] The Estonian Foreign Ministry has issued a statement on the situation in Chechnya. The Foreign Ministry notes that the Russian leadership's activity in Chechnya has not brought a political settlement of the conflict any closer over a long period of time. Instead, it has brought further victims. The news about the two-day cease-fire may still create certain possibilities for further steps toward an end to the bloodletting, despite it being an ultimatum in character and despite the numerous cease-fire violations. This, however, will only happen if the Russian leadership has sufficient political will.

Estonia appeals to Russia to ensure that representatives of international humanitarian aid and human rights organizations gain unhampered access to Chechnya. The Foreign Ministry's statement appeals to Russia to publish the number of victims and the extent of damage. Estonia hopes that the condemnation voiced by world countries against the use of force in Chechnya will also influence those politicians and military men in Russia for whom the use of force has become means of imposing their will upon others. Estonia welcomes the proposal from the chairman of the Organization of Security and Cooperation in Europe to use the measures and mechanisms at the organization's disposal toward a political settlement of the conflict and hopes that it will help in ending the bloodletting as well as in preventing military activity from expanding further.

Report on Former Ministers' Approval of Illegal Arms Deal

LD0601140595 Tallinn Radio Tallinn Network in Estonian 0700 GMT 6 Jan 95

[FBIS Translated Excerpt] It has come to light that in the autumn the Estonian defense, justice, and interior ministers signed an agreement that was clearly in conflict with a government decree regulating arms sales. Over to Jaanus Nurmoja:

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[Nurmoja] PAEVALEHT reports today that the three ministers in Mart Laar's government initialled a cooperation agreement that is in conflict with a government decree regulating arms sales. The agreement was concluded between the Kaitseliit's [defense league] Tallinn unit and the Citysec weapons factory on 27 October of last year. PAEVALEHT has published a copy of the agreement, which bears signatures of endorsement by Defense Minister Enn Tupp and the then Interior minister Heiki Arike. The then Justice Minister Urmas Arumae has acknowledged the agreement with his signature. Tupp's signature is dated 28 October, Arumae's 31 October, and Arike's 2 November. Barely two days later, Andres Tarand presented his government list to the president for endorsement. [passage omitted]

What is of interest is Defense Minister Tupp's reaction. He told PAEVALEHT "My signature is a mistake. How did they manage to sneak in this piece of paper? I would not have signed it without reading it and examining the content. I would have consulted somebody. However, the other two ministers must have been much more familiar with the matter—the interior minister in particular." [passage omitted]

What is it that constituted a conflict with the government decree? With this agreement, Citysec promises to supply weapons to the Kaitseliit's Tallinn unit at reduced prices, just by the amount of the sales tax. Records about the sales of weapons and ammunition were to be kept but, under the agreement, were not for the inspection of any third party. Citysec also pledged to destroy any documentation to do with the fulfillment of the agreement, should the Kaitseliit's Tallinn unit call for this. The decree on the sale of firearms, however, states that shops must keep identical records about the weapons sold, and the police have the right to inspect those at any time. So, there can be no talk of documents being destroyed.

PAEVALEHT also adds that the agreement provides a potential opportunity for weapon laundering, which means the sales of illegally acquired weapons, because records about them need not be shown to anybody, and documents may be destroyed.

Latvia

OSCE Urged To Assess Chechen Violations

LD1001201495 Riga Radio Riga Network in Latvian 1800 GMT 10 Jan 95

[FBIS Translated Text] The Presidium of the Baltic Assembly on 9 January turned to the Organization for Security and Cooperation in Europe [OSCE] with a proposal to create an OSCE mission to investigate mass violations of human rights in Chechnya and prepare recommendations to avert such violations. The appeal to the members of the organization in the name of the Presidium of the Baltic Assembly was sent by the chairman of the Presidium of the Assembly, Maris Budovskis. The appeal says that the Russian Army's action in carrying out an internal mission does not correspond with the code of practice adopted at the Budapest meeting of the OSCE countries, and that the Presidium of the Baltic Assembly observes with great alarm the deepening Chechen conflict, the increasing number of victims among the peaceful population, and the ever (?increasing) violations of human rights.

UN Official Visits Detained Refugees in Riga

WS1001153695 Tallinn BNS in English 1322 GMT 10 Jan 95

[FBIS Transcribed Text] Riga, Jan 10, BNS—U.N. deputy regional representative in Scandinavia and the Baltic states, Lennart Kotsalainen, visited a group of Kurdish and Afghan refugees in army barracks in Riga.

During the meeting, Kotsalainen admitted a possibility that Sweden and other Scandinavian countries could accept those refugees who already have close relatives there.

Commenting on the living conditions of the detainees, Latvian Immigration Police Head Aivars Kurpnieks conceded the situation was poor. On the other hand, he said, the refugees "ought not to complain because they knew they are not coming to a resort place."

As reported, the 149 refugees were detained Dec. 24 during a failed attempt to reach Scandinavia.

Another group of refugees, including 30 people, was detained Dec. 30 on the Latvian-Russian frontier. Latvian and Belarusian authorities are discussing their return to Belarus because the only accessible information testifies the group came from there.

Russia Reacts Positively to Law on Status of Noncitizens

LD1001200195 Riga Radio Riga Network in Latvian 1800 GMT 10 Jan 95

[FBIS Translated Text] The Russian Foreign Ministry regards the future approval of the bill on the status of citizens of the former USSR in Latvia, worked out by the Saeima, as a positive factor. A statement from the Russian Foreign Ministry, which was also sent to the Saeima foreign affairs commission, says that the adoption of this bill will partially stabilize the situation of noncitizens who are residents of Latvia. However, the working out of this bill testifies that the "zero-option" on citizenship is not acceptable to the Latvian state authorities, the Russian ministry believes. The statement points out that the bill does not settle the issue of the approximately 1,000 people in Latvia who for various reasons have been denied registration in the register of inhabitants. Therefore, there is a real possibility of their deportation, concludes the Russian foreign affairs department. We remind you that this bill was adopted by the Saeima on its first reading. It is due to be read a

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second time in this year's winter session. Aleksandrs Kirsteins, the chairman of the Saeima commission on foreign affairs, calls the statement a normal fact, because obviously the Russian ministry has also been given the statement by the Council of Europe that Latvian legislation in the sphere of human rights corresponds to the norms of the Council of Europe.

Lithuania

Brazauskas' Attitude Toward Chechnya 'Reserved'

LD1001223495 Vilnius Radio Vilnius International Service in Lithuanian 2200 GMT 10 Jan 95

[FBIS Translated Text] The attitude of President Brazauskas towards Chechnya has been and remains reserved. This was stated by the president in an interview with the Lithuanian television on Monday [9 January]. "We must look at the events from all sides, the experience in Russia itself, the national movement, the right of self-determination, the [indistinct word] of the Constitution and, lastly, the influence of the processes in Russia on the stability of Europe and of the whole world", said Algirdas Brazauskas.

According to him, one wishes that stability in Russia exists and justice is consolidated, that the Chechen nation has normal living conditions. The Lithuanian president added that this is the wish also of the leaders and governments of the most influential states in the world.

Algirdas Brazauskas stressed that he agreed that blood should not be shed. The problems of the state should be resolved on account of the fate of people.

Aid Train for Chechnya Held Up in Rostov

LD1001224895 Vilnius Radio Vilnius International Service in Lithuanian 2200 GMT 10 Jan 95

[FBIS Translated Excerpt] Wagons with humanitarian aid collected in Lithuania have been held up at the station in Rostov. A train with the humanitarian aid wagons left Vilnius on Saturday [7 January]. In Minsk the wagons were attached to a train proceeding to the North Caucasus town of Mineralnyye Vody. [passage omitted] The wagons were separated from the train at Rostov. [passage omitted]

The railmen will not allow the wagons to proceed. They are demanding a precise list of their contents. The wagons contain a consignment of medicines, bandages, clothes, mobile stoves, and other articles valued at 9,000 litas, destined for the residents of Chechnya.

Environmental Protection Agreement Prepared With Belarus

LD1001200395 Vilnius Radio Vilnius Network in Lithuanian 1700 GMT 10 Jan 95

[FBIS Translated Text] The Lithuanian and Belorussian [Belarusian] ministers of environment protection, having met in Vilnius today, prepared a draft agreement of cooperation between their ministries. They announced this at a news conference.

According to the ministers, the agreement is to be signed at the beginning of February.

The sides intend to cooperate in the drafting and implementation of joint programs and projects, in organizing consultations and discussions. The main spheres of cooperation will be: the protection of natural resources and of the environment, their legal and economic aspects, monitoring and ecological education.

Mikhail Rusiy, Belorussian minister of natural resources and environmental protection, and Bronius Bradauskas, Lithuanian minister of environment protection, said at the news conference that they discussed other concrete issues, too, such as the transport of hazardous materials, the protection of the Nemunas basin, the improvement of radio-ecological monitoring, and of the exchange of effective information, the inspection and management of former military territories.

Replying to questions by journalists, the Lithuanian and Belorussian ministers of environment protection said their views on the transport of hazardous materials were very completely identical. The ministers stated that both states had sufficient evidence about attempts being made to transport material harmful to the environment to or through their states. An effective exchange of information was essential in this sphere.

Minister Bradauskas stressed that preventive efforts in the protection of the environment were more valuable than the elimination of the consequences.

Lower Crime Rate, More Grave Offenses Reported

WS1101121495 Tallinn BNS in English 1815 GMT 10 Jan 95

[FBIS Transcribed Text] Vilnius, Jan 10, BNS—An estimated 58,000 crimes were reported to Lithuanian law enforcement agencies last year, or 2.9 percent less than in 1993, however the number of grave crimes jumped by 13.9 percent, Interior Minister Romasis Vaitekunas said Tuesday [10 January].

The number of murders rose by 9 percent. Police disclosed 40.8 percent of last year's crimes.

Vaitekunas said car thefts have become a major problem and are considered an indication that criminal gangs are getting stronger. The Interior Ministry will pay special attention to the struggle against car thieves this year, the minister said.

Police is also worried about the situation in Lithuanian prisons, the population of which presently stands at around 13,000. Vaitekunas said there is hope that the Interior Ministry will have less problems after the government decided to hand over prisons to the Ministry of

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Justice. But, he said, a similar step in Estonia was followed by a mass jailbreak and added that prisons should be taken over by another institution gradually and with great care.

Discussing the situation on Lithuanian roads, Vaitekunas said the number of motor vehicle deaths last year dropped by 194 cases from 1993. In his opinion, a government program is necessary to ensure traffic safety.

The minister said the struggle against economic crimes will also become more active this year. He noted that banks are often unwilling to provide information to economic police, therefore he says action may be taken in the future for such refusals.

Asked about the fate of former Soviet activist Valeri Ivanov, who faces deportation from Lithuania. Vaitekunas said no information about Ivanov's anti-Constitutional activities has been received so far. The minister said a person's deportation must not be based only on newspaper publications.

Ivanov, former leader of the pro-Soviet organization Yedinstvo, has served a three-year prison sentence for participation in the failed January 1991 Soviet coup attempt in Lithuania. He came out of prison in October and was soon asked to leave the country by Jan. 21. A final decision is to be taken by the interior minister.

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